



**Johnston Community School District
Johnston, Iowa**

Comprehensive Annual Financial Report

Year Ended June 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT
JOHNSTON COMMUNITY SCHOOL DISTRICT

Johnston, Iowa

Fiscal Year Ended June 30, 2011

OFFICIAL ISSUING REPORT

Jan Miller-Hook, Executive Director of Financial Services

OFFICE ISSUING REPORT

Business Office

Johnston Community School District
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Johnston Community School District
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Jan Miller-Hook, Executive Director of Financial Services

November 3, 2011

Members of the Board of Education
Johnston Community School District
Johnston, Iowa

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Johnston Community School District for the fiscal year ended June 30, 2011. The report has been prepared to conform to guidelines recommended by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) of the United States and Canada.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all District funds. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

The 2011 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit Compliance. The Introductory Section includes a transmittal letter, the District's organizational chart, a list of District officials, and the 2010 Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association and the Association of School Business Officials.

The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The Management's Discussion and Analysis presents financial highlights and information.

The Statistical Section sets forth selected unaudited financial and demographic information, and is divided into five categories including financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

Reporting Entity

This report includes all entities or organizations that are required to be included in the District's reporting entity. The District is a separate reporting entity and is not included in any other reporting entity. A seven-member elected Board of Directors governs the Johnston Community School District. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Johnston Community School District is located in the northwest part of Polk County and is one of the faster growing suburbs of Des Moines, Iowa. The District is the 13th largest of Iowa's 359 public school systems. The enrollment is approximately 6,094 students. The District provides a full range of educational services appropriate to students in early childhood, preschool and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

In addition to the elementary, middle school and high school programs offered in the District, there are additional opportunities for achieving success. Students attend METRO West, an alternative school for students who function better in a less-structured environment. Students may also attend the Central Academy that affords additional opportunities for a greater breadth of classes.

The District serves these students in one high school, two middle schools and five elementary schools. All of these buildings are either new or remodeled in the past 25 years.

Economic Condition and Outlook

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country. The economic condition and outlook of the District have remained strong during the past ten years, and as a result, the District has experienced tremendous growth over the past several years. This growth has had a positive effect on employment and the District's tax base. The District has averaged 8.2% annual increase in the tax base over the past ten years, and experienced a 4.9% increase in 2011.

Based on conservative projections, this trend is expected to continue well into the next decade. While having a positive impact, the growth also presents significant challenges for the District. The District utilizes the optional instructional support levy at a level deemed appropriate and will need to continue a high level of efficient use of human resources and facilities.

Retail sales, building permits, and population increases in the western suburbs have generally exceeded that of any other location in the metropolitan area or in the State of Iowa. These increases are expected to continue if economic conditions remain stable.

In recent years, the state of Iowa has faced an economic downturn that severely hampered its ability to fund schools at the same level as in prior years. The District has faced inadequate funding for state aid and other state-funded programs, and this was particularly demonstrated in the unprecedented 10% across the board state funding cut fall 2009, the low 2% allowable growth for fiscal year 2011, and the unprecedented zero per cent allowable growth for fiscal year 2012.

Major Initiatives

It is projected that the district will continue to grow for the foreseeable future with growth topping out at 6,000 – 6,800 students. Most of the construction for the Lawson Elementary addition/renovation project was completed in fiscal year 2011 with the work beginning summer 2010. The cafeteria renovation will take place summer 2012, and the project will then be complete at an estimated cost of \$4.4 million with approximately \$3 million being funded with general obligation funds and the remainder with sales tax funds.

In order to fund this project as well as various other projects including the construction of Timber Ridge Elementary (2007) and the High School addition (2008), \$26.5 million in general obligation bonds were sold in fiscal year 2006 and \$10 million August 2007. The sale came from previous voter approval of a \$36.5 million bond referendum. The general obligation bonds will be repaid with Local Option Sales and Services Tax revenue until the proceeds from the levy expire. At that time, the remaining debt will be repaid with property taxes.

Long-Term Financial Planning

Unassigned fund balance in the general fund improved fiscal year 2011 by \$2.8 million due to the continuance of the cash reserve levy and Ed Jobs funding received during the fiscal year. Because of the federal Ed Jobs funding to offset salaries and benefits, the board decided to move forward with the science adoption that had previously been deferred one year. However, expenses for the science adoption are split between fiscal years 2011 and 2012 due to when science textbooks and supplies were actually received. Therefore, the unassigned fund balance is actually somewhat inflated by about \$900,000 because of this timing. However, even with that taken into consideration, the district would still have realized a nice increase of unassigned fund balance of approximately \$2 million. This increase in fund balance increased our solvency ratio from 5.0% to 8.1% which is extremely important to meet unforeseen financing requirements and to obtain higher bond ratings as the District determines its facility needs for the future with bonding. The District has a targeted 5-10% financial solvency ratio, so this improvement in financial condition places the District within that target.

The State of Iowa has implemented lower allowable growth, mid-year budget reductions in past years, and not provided on time funding over the last several years. With a growing district like Johnston, funds need to be built up to help cover expenses of increased enrollments since funding is not received until the subsequent year. With over 80% of the District's resources required for salaries and benefits, staffing efficiencies will become a priority.

Relevant Financial Policies

Since the funding formula is pupil driven, an increase in total spending authority occurs by increasing the number of pupils or by increasing the cost per pupil. The cost per pupil can be increased by the legislature in setting the amount of allowable growth each year. Under the law, the legislature has thirty (30) days after receiving the governor's budget recommendation to set the state percent of growth for the year following the budget year. Legislature spring 2009 set the fiscal year 2010-2011 state percent of growth. However, in the spring of 2010, the statutory requirement to establish the percentage of allowable growth increase for K-12 schools and accompanying educational funding categories for the 2011-12 school year was delayed for one year. In the spring of 2011, zero percent allowable growth was determined for fiscal year 2011-12. Allowable growth is crucial in funding the needs of our growing district.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties, the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the Management's Discussion and Analysis included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

The District carries general liability and auto coverage, property insurance, errors and omission coverage, and excess umbrella coverage. In addition, the District manages a self-funded workers' compensation plan that is also supplemented by excess workers' compensation coverage. The District manages a self-funded insurance plan for its employee medical and dental insurance programs.

Cash Management

Cash temporarily idle during the year was invested in Iowa School Joint Investment Trust, IPASeducation Program, and money market accounts. Funds from General Obligation Bond proceeds have been invested in certificates of deposit that allow monthly withdrawals for construction payments. In addition, banking services were bid in the spring of 2009 resulting in substantial monthly fee savings.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnston Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is the highest form of recognition for excellence in state and local financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) upon recommendation of the Association's Panel of Review, which has judged that the report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program. A certificate is valid for a period of one year, and we are submitting this report to ASBO to determine its eligibility for another certificate.

Acknowledgements

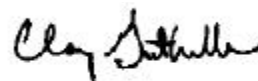
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire central administrative support staff and our auditors, Van Maanen, Sietstra & Meyer, PC. Finally, we would like to thank the Board of Education for their continued interest and support in conducting the financial operations of the District in a most responsible and progressive manner.

We are pleased to present this report of the results of the District's financial operation for the fiscal year ended June 30, 2011. It is our hope that study and review of this report will provide a better understanding of the District's financial operation for the District patrons.

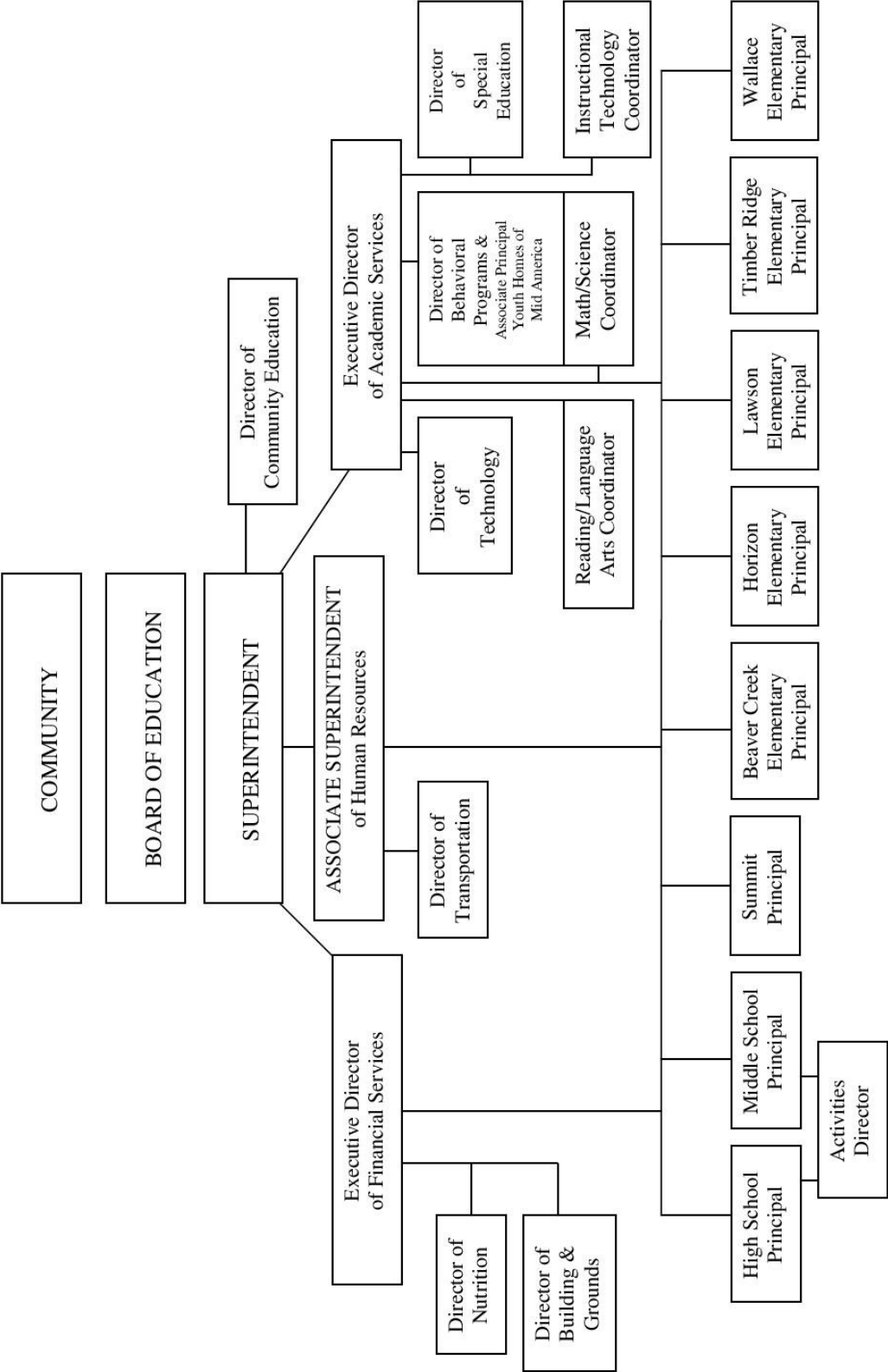
Respectfully submitted,



Jan Miller-Hook
Executive Director of Financial Services



Clay Guthmiller
Superintendent of Schools



Johnston Community School District
Board of Education and School District Administration
Year Ended June 30, 2011

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Board of Education		
Tracey Orman	President	2011
Julie Walter	Vice President	2013
Mike Farrell	Board Member	2011
Jill Morrill	Board Member	2011
Jackie Heiser	Board Member	2011
Marci Cordaro	Board Member	2013
John Dutcher	Board Member	2013

School District Administration

Clay Guthmiller	Superintendent of Schools
Dr. James A. Casey	Associate Superintendent of Human Resource Services
Dr. Bruce Amendt	Executive Director of Academic Affairs
Jan Miller-Hook	Executive Director of Financial Services
Nancy J. Buryanek	Director of Community Education
Tim Kline	Director of Buildings and Grounds
George Smith	Assistant Director of Buildings and Grounds
LaRae Doll	Director of Nutrition & Food Services
Michael Volz	Director of Transportation
Tony Sparks	Director of Technology
Bruce Hukee	High School Principal
Randy Klein	High School Associate Principal
Jerry Stratton	High School Associate Principal
Brian Carico	Middle School Principal
Beth Ward	Middle School Associate Principal
Linda Hansen	Summit Middle School Principal
Kevin Blackburn	Summit School Associate Principal
Gary L. Ross	Director of Athletics and Activities
Trish Lenarz-Garmoe	Lawson Elementary Principal
Cheryl Henkenius	Timber Ridge Elementary Principal
Tim Salmon	Horizon Elementary Principal
Suzie Pearson	Wallace Elementary Principal
Eric Toot	Beaver Creek Elementary Principal
Vickie McCool	Y-Home Associate Principal & Special Education Coordinator
Dr. Barb Rankin	Director of Behavioral Programming/Y-Home Associate Principal

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Johnston Community School
District, Iowa

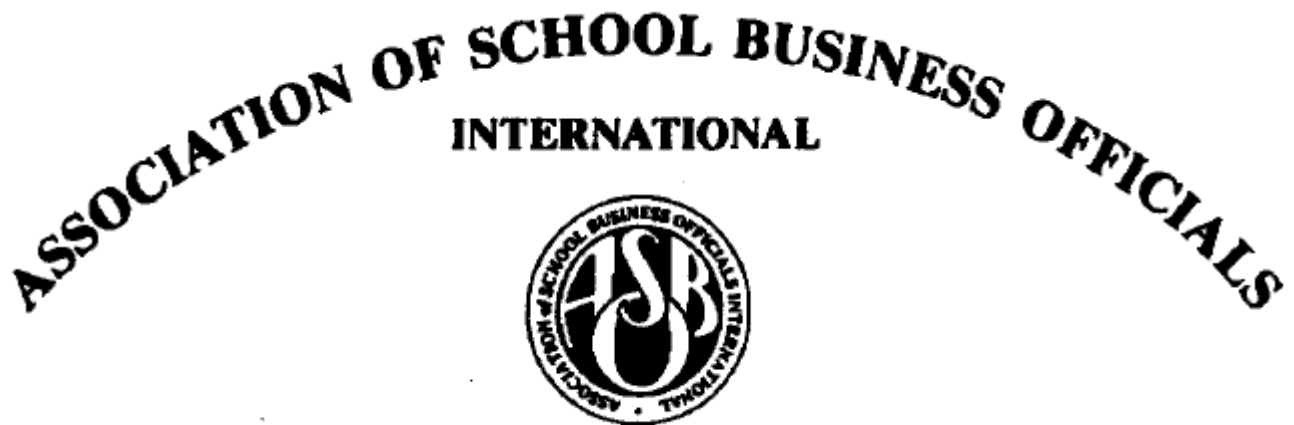
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



This Certificate of Excellence in Financial Reporting is presented to

JOHNSTON COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



705 Main Street
Pella, IA 50219
641-628-3737

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Van Maanen, Sietstra & Meyer, PC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Johnston Community School District
Johnston, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Johnston Community School District, Johnston, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Johnston Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2011 on our consideration of Johnston Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 11 through 19 and 49 through 51 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnston Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Other supplementary information included in Schedules 1 through 12, and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, found in the Compliance Section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

November 3, 2011

The Johnston Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- The district showed an increase of \$6,997,603 and \$3,255,920 in net assets for governmental activities during the years ended June 30, 2011 and 2010, respectively. This increase is primarily a result of a reduction in outstanding general obligation bonds and capital notes as well as additions to capital assets (Lawson addition and completion of support facility).
- Total revenues for the fiscal year ended June 30, 2011 and 2010 of \$77,935,343 and \$71,477,316 were comprised of General Revenues in the amount of \$56,828,608 and \$51,066,358 and Program Revenues totaling \$21,106,735 and \$20,410,958 respectively.
- As of June 30, 2011, the District's governmental funds reported combined ending fund balances of \$21,532,728, an increase of \$468,529 in comparison with 2010. This compares with June 30, 2010 balance of \$21,064,199, a decrease of \$3,212,295 in comparison with 2009. The modest increase for year ending 2010 actually consists of a large \$2.8 million increase in Unassigned General Fund balance offset by a decrease in the School Infrastructure fund balance due to using capital funds for the Lawson addition. The large increase in the Unassigned General Fund is due to a cash reserve levy to increase financial solvency and the additional Ed Jobs funding received in fiscal year 2011.
- As of June 30, 2011, Unassigned fund balance for the General Fund was \$4,721,855 or 8.2% of total General Fund expenditures. This is an increase from the balance on June 30, 2010 of \$3,141,309 or 2.9% of expenditures. This large increase is again due to the cash reserve levy for fiscal 2011 and the additional Ed Jobs funding received in fiscal 2011. It was determined by the Board to go forward with the science adoption that had been originally deferred because of funding when the federal funding was received. By saving positions with the federal funding, this freed up other funds to be used for the adoption. The actual expenses for the adoption are split between fiscal 2011 and 2012 expenses due to timing of receiving textbooks in the summer.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

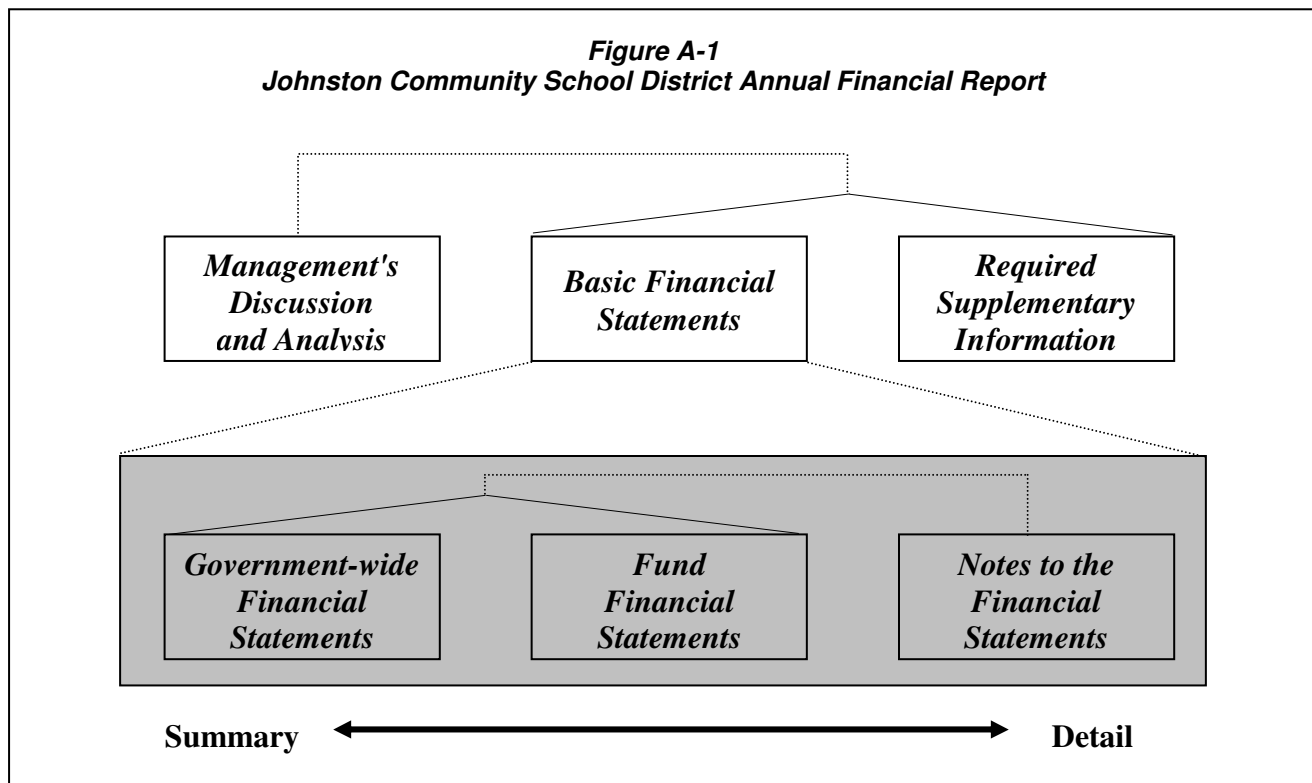


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two Government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.
- *Proprietary funds*. The District's proprietary funds are reported in the same way as the Government-wide statements.
 - The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds: School Nutrition, Daycare, Community Preschool and Community Education.
 - The District's internal service funds consist of revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's internal service funds are the Health and Dental Insurance and Flex Benefit funds.

Financial Analysis of the District as a Whole

Net assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2011 compared to June 30, 2010.

Figure A-3 Condensed Statement of Net Assets							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current assets	\$ 65,155,090	61,634,609	2,461,080	2,180,646	67,616,170	63,815,255	6.0%
Capital assets, net	91,651,252	89,605,323	676,121	759,166	92,327,373	90,364,489	2.2%
Other assets	-	15,769	-	-	-	15,769	-100.0%
Total assets	156,806,342	151,255,701	3,137,201	2,939,812	159,943,543	154,195,513	3.7%
Current liabilities	44,428,816	41,687,666	285,189	265,644	44,714,005	41,953,310	6.6%
Long-term liabilities	37,513,785	41,701,897	45,223	27,308	37,559,008	41,729,205	-10.0%
Total liabilities	81,942,601	83,389,563	330,412	292,952	82,273,013	83,682,515	-1.7%
Net assets:							
Invested in capital assets, net of related debt	51,038,392	48,156,947	676,121	759,166	51,714,513	48,916,113	5.7%
Restricted	16,419,758	15,159,937	8,370	-	16,428,128	15,159,937	8.4%
Unrestricted	7,405,591	4,549,254	2,122,298	1,887,694	9,527,889	6,436,948	48.0%
Total net assets	\$ 74,863,741	67,866,138	2,806,789	2,646,860	77,670,530	70,512,998	10.2%

- As noted earlier, net assets may serve over time as a useful indicator of a government entity's financial position. The District's total net assets have increased from a year ago \$70,512,998 to \$77,670,530. This increase is primarily a result of a reduction in outstanding general obligation bonds and capital notes as well as additions to capital assets (Lawson addition and completion of support facility).

The significant portions of the District's combined net assets reflect its investment in capital assets and are not available for future spending. The District's net assets invested in capital assets, net of related debt, was \$51,714,513 for 2011 and \$48,916,113 for 2010.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt liabilities will be repaid through future property and sales taxes collections. Bond debt retirement for the year was \$4,150,000.

Property tax and unrestricted state grants account for 71.8 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 81.1 percent of the total expenses.

The restricted portion of the District's net assets (21.2 percent for 2011 and 21.5 percent for 2010) represents resources that are subject to external restrictions in how they may be used. Restrictions for 2011 include \$10,952,248 for capital projects, \$2,246,782 for physical plant and equipment levy, \$538,244 for other special revenue purposes, \$379,721 for debt service, \$1,372,222 for management levy, \$765,115 for state categorical funding, and \$42,426 for other purpose restricted assets. The remaining balance of unrestricted net assets of \$9,527,889 for 2011 and \$6,436,948 for 2010 may be used to meet the government's ongoing obligations to students and creditors.

The District's total net assets increased by \$7,157,532 during the current fiscal year as compared to \$3,243,754 in 2010. The governmental activities net assets increased by \$6,997,603 in 2011 and \$3,255,920 in 2010. This increase is primarily a result of a fewer general obligation bonds and capital notes outstanding as well as additions to capital assets (Lawson addition and completion of support facility). The business type activities (which include nutrition, community education, community preschool and daycare) increased by \$159,929 in 2011, as compared to a decrease of \$12,166 in 2010.

Johnston Community School District
Management's Discussion and Analysis
Year ended June 30, 2011

Governmental Activities

Revenues for governmental activities were \$72,310,889 and expenses were \$65,313,286 for the year ended June 30, 2011. Net assets increased by \$6,997,603.

Figure A-4 highlights the District's revenues and expenses for the fiscal year ended June 30, 2011 and 2010. These two main components are subtracted to yield the change in net assets. This exhibit utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, non-instructional programs and other expenses.

Figure A-4
Changes in Net Assets

	Governmental activities		Business type activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for services	\$ 4,766,031	4,325,197	4,723,664	4,590,536	9,489,695	8,915,733	6.4%
Operating grants and contributions	10,716,250	10,659,417	900,790	835,808	11,617,040	11,495,225	1.1%
General revenues:							
Local taxes	35,019,915	32,577,208	-	-	35,019,915	32,577,208	7.5%
State grants	20,916,147	16,880,987	-	-	20,916,147	16,880,987	23.9%
Investment earnings	109,923	847,168	-	-	109,923	847,168	-87.0%
Other	782,623	760,995	-	-	782,623	760,995	2.8%
Total revenues	72,310,889	66,050,972	5,624,454	5,426,344	77,935,343	71,477,316	9.0%
Expenses:							
Program expenses:							
Instruction	42,997,915	41,075,403	-	-	42,997,915	41,075,403	4.7%
Support services - students & staff	4,686,030	4,346,593	-	-	4,686,030	4,346,593	7.8%
Support services - administration	5,308,433	5,122,778	-	-	5,308,433	5,122,778	3.6%
Operations and maintenance	4,836,685	4,912,963	-	-	4,836,685	4,912,963	-1.6%
Transportation	3,197,520	2,829,785	-	-	3,197,520	2,829,785	13.0%
Non-instructional activities	145,594	126,953	5,464,525	5,438,510	5,610,119	5,565,463	0.8%
Other	4,141,109	4,380,577	-	-	4,141,109	4,380,577	-5.5%
Total expenses	65,313,286	62,795,052	5,464,525	5,438,510	70,777,811	68,233,562	3.7%
Increase (decrease) in net assets	6,997,603	3,255,920	159,929	(12,166)	7,157,532	3,243,754	120.7%
Net assets beginning of year	67,866,138	64,610,218	2,646,860	2,659,026	70,512,998	67,269,244	4.8%
Net assets end of year	\$ 74,863,741	67,866,138	2,806,789	2,646,860	77,670,530	70,512,998	10.2%

Business Type Activities

Revenues of the District's business-type activities were \$5,624,454 and expenses were \$5,464,525 for the year ended June 30, 2011. Net assets increased \$159,929. The District's business-type activities include the School Nutrition, Daycare, Community Preschool and Community Education Funds. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

Financial Analysis of the District's Funds

- The financial performance of the District as a whole is reflected in its governmental funds as well. On June 30, 2011 the District's governmental funds reported combined fund balances of \$21,532,728 as compared to the 2010 ending fund balances of \$21,064,199. The \$468,529 increase for year ending 2011 actually consists of a large \$2.8 million increase in Unassigned General Fund balance offset by a decrease in the School Infrastructure fund balance due to using capital funds for the Lawson addition. The large increase in the Unassigned General Fund is due to a cash reserve levy to increase financial solvency and the additional Ed Jobs funding received in fiscal year 2011.

Governmental Fund Highlights

- The District's General Fund balance increased by \$2,886,098. The June 30, 2010 balance of \$2,643,298 increased to \$5,529,396 on June 30, 2011. Increased cash reserve levies by the Board of Education to improve fund balances and financial solvency were complemented with additional federal funding, Ed Jobs in fiscal year 2011.
- The Debt Service Fund balance decreased from \$518,464 June 30, 2010 to \$517,651 June 30, 2011.
- The Capital Projects Fund balance decreased from \$16,002,642 June 30, 2010 to \$13,284,800 June 30, 2011 as funds were used for the Lawson Elementary addition. (Physical plant and equipment is now considered part of Capital Projects Fund balance for fiscal year 2011 and was part of non-major special revenue funds fiscal year 2010).
- The non-major special revenue funds balance increased \$301,086 as additional funds were accumulated in both the management and student activity funds.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$1,751,257 on June 30, 2010 to \$1,927,773 on June 30, 2011 for an increase of 10.1%.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except for internal services, private-purpose trusts and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis. Schedules showing the original and final budget amounts compared to the District's actual financial activity are included in the required supplementary information section of this report.

Legal Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget for all funds except internal service and agency funds as described in the note to required supplementary information.

A comparison of actual expenditures/expenses of the District's budgeted funds with the final program budget amounts is as follows:

	Final Budget	Actual	Variance
Instruction	\$ 44,961,321	40,932,355	4,028,966
Support services	23,031,890	18,039,477	4,992,413
Non-instructional programs	6,829,476	4,902,215	1,927,261
Other	24,847,597	13,432,838	11,414,759
	<u>\$ 99,670,284</u>	<u>77,306,885</u>	<u>22,363,399</u>

"Other" expenditures variance is due to construction project expenditures not meeting projected cash flows, always a difficult estimate.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2011, the District had invested \$92,327,373 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This compares to the June 30, 2010 balance of \$90,364,489. See Figure A-5.

The original cost of the District's capital assets was \$128,194,165. Governmental funds account for \$126,200,505 with the remainder, \$1,993,660, in the Enterprise funds.

The largest change in capital asset activity during the year occurred in the category of construction in progress as construction began on the Lawson Elementary addition.

Figure A-5 Capital Assets, Net of Depreciation							
	Governmental activities		Business type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$ 3,536,919	3,536,919	-	-	3,536,919	3,536,919	0.0%
Construction in progress	3,205,677	1,329,285	-	-	3,205,677	1,329,285	141.2%
Buildings	78,033,796	78,194,196	-	-	78,033,796	78,194,196	-0.2%
Improvements other than buildings	4,463,584	4,349,078	-	-	4,463,584	4,349,078	2.6%
Furniture and equipment	2,411,276	2,195,845	676,121	759,166	3,087,397	2,955,011	4.5%
Total	\$ 91,651,252	89,605,323	676,121	759,166	92,327,373	90,364,489	2.2%

Additional information about the District's capital assets can be found in Note 5 on page 41 in the notes to the financial statements.

Long-Term Debt

At June 30, 2011 the District had \$42,111,406 in general obligation bonds and other long-term debt outstanding. This represents a decrease of approximately 8.85 percent from June 30, 2010. (See Figure A-6) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The decrease reflects normal principal reductions for bonds. This is the third year to recognize other post employment benefits. The early retirement policy for 2009 and 2010 had an increased 403B incentive with no insurance benefit, and there was no early retirement policy for fiscal year 2011.

Figure A-6 Long-term Debt Obligations			
	Total School District		Total Change
	June 30,		June 30,
	2011	2010	2010-2011
General obligation bonds	\$ 39,263,630	42,695,000	-8.0%
Revenue bonds	-	-	-
Capital loan notes	1,435,000	2,120,000	-32.3%
Early retirement	534,077	867,760	-38.5%
Other postemployment benefits	878,699	518,693	100.0%
Totals	\$ 42,111,406	46,201,453	-8.9%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District expects continued enrollment growth during the foreseeable future. The district's enrollment growth has averaged 4.3% annually over the last 10-years. The District has seen annual certified enrollment increases from 122 to 300 students on an annual basis. However, the enrollment taken October 2011 for fiscal year 2013 funding only increased approximately 50 students, so more studies will be done for the District in regard to future projections.
- The District has averaged 8.2% annual increase in the tax base over the past 10 years, and experienced a 4.9% increase with 2011.
- The continued slow growth in state revenues and increasing enrollments will continue to put great pressure on district finances to meet the personnel, facility and transportation needs of the District.
- The economy is also a factor that could have consequences for the district in regard to state revenues, property valuations, and enrollment with the decline in housing construction.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jan Miller-Hook, Executive Director of Financial Services, Johnston Community School District, 5608 Merle Hay Road, Johnston, IA 50131-1234.

Basic Financial Statements

Johnston Community School District
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current assets:			
Cash and cash equivalents:	\$ 31,367,706	2,300,791	33,668,497
Receivables:			
Property tax:			
Delinquent	249,075	-	249,075
Succeeding year	30,645,559	-	30,645,559
Accounts	127,904	30,100	158,004
Due from other governments	2,706,670	24,112	2,730,782
Inventories	42,426	105,812	148,238
Prepaid expense	15,750	265	16,015
Total current assets	65,155,090	2,461,080	67,616,170
Non-current assets:			
Capital assets:			
Land	3,536,919	-	3,536,919
Improvements other than buildings	6,946,903	-	6,946,903
Buildings and improvements	106,238,420	-	106,238,420
Vehicles, furniture and equipment	6,272,586	1,993,660	8,266,246
Construction in progress	3,205,677	-	3,205,677
Accumulated depreciation	(34,549,253)	(1,317,539)	(35,866,792)
Total capital assets	91,651,252	676,121	92,327,373
Total non-current assets	91,651,252	676,121	92,327,373
Total assets	156,806,342	3,137,201	159,943,543
Liabilities			
Accounts payable	2,037,238	65,346	2,102,584
Insurance claims payable	821,292	-	821,292
Salaries and benefits payable	5,922,269	122,075	6,044,344
Accrued interest payable	137,930	-	137,930
Unearned revenue:			
Succeeding year property tax	173,286	-	173,286
Other	30,645,559	80,775	30,726,334
Capital loan notes payable	705,000	-	705,000
General obligation bonds payable	3,603,736	-	3,603,736
Early retirement payable	243,662	-	243,662
Compensated absences	138,844	16,993	155,837
Total current liabilities	44,428,816	285,189	44,714,005
Non-current liabilities:			
Capital loan notes payable	730,000	-	730,000
General obligation bonds payable	35,659,894	-	35,659,894
Early retirement payable	290,415	-	290,415
Other post employment benefits payable	833,476	45,223	878,699
Total non-current liabilities	37,513,785	45,223	37,559,008
Total liabilities	81,942,601	330,412	82,273,013

Exhibit A

**Johnston Community School District
Statement of Net Assets
June 30, 2011**

	Governmental Activities	Business Type Activities	Total Primary Government
<i>Continued from previous page</i>			
Net assets			
Invested in capital assets, net of related debt	51,038,392	676,121	51,714,513
Restricted for:			
State categorical funding	765,115	8,370	773,485
Management levy purposes	1,372,222	-	1,372,222
Debt service	379,721	-	379,721
School infrastructure	10,952,248	-	10,952,248
Physical plant and equipment	2,246,782	-	2,246,782
Internal service	123,000	-	123,000
Student activities	538,244	-	538,244
Other purposes	42,426	-	42,426
Unrestricted	7,405,591	2,122,298	9,527,889
Total net assets	\$ 74,863,741	2,806,789	77,670,530

See notes to basic financial statements.

Johnston Community School District
Statement of Activities
Year ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Primary Government
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 29,483,704	2,595,507	6,133,253	(20,754,944)	-	(20,754,944)
Special	8,323,737	1,201,702	2,127,610	(4,994,425)	-	(4,994,425)
Other	5,190,474	649,757	33,401	(4,507,316)	-	(4,507,316)
	<u>42,997,915</u>	<u>4,446,966</u>	<u>8,294,264</u>	<u>(30,256,685)</u>	<u>-</u>	<u>(30,256,685)</u>
Support Service:						
Student	1,657,151	-	-	(1,657,151)	-	(1,657,151)
Instructional staff	3,028,879	-	-	(3,028,879)	-	(3,028,879)
Administration	5,308,433	-	-	(5,308,433)	-	(5,308,433)
Operating and maintenance of plant	4,836,685	25,757	-	(4,810,928)	-	(4,810,928)
Transportation	3,197,520	293,308	101,129	(2,803,083)	-	(2,803,083)
	<u>18,028,668</u>	<u>319,065</u>	<u>101,129</u>	<u>(17,608,474)</u>	<u>-</u>	<u>(17,608,474)</u>
Non-instructional programs:						
Nutrition services	34,584	-	-	(34,584)	-	(34,584)
Community Education services	111,010	-	-	(111,010)	-	(111,010)
	<u>145,594</u>	<u>-</u>	<u>-</u>	<u>(145,594)</u>	<u>-</u>	<u>(145,594)</u>
Other expenditures:						
Other programs	29,493	-	-	(29,493)	-	(29,493)
Long-term debt interest	1,790,759	-	-	(1,790,759)	-	(1,790,759)
AEA support	2,320,857	-	2,320,857	-	-	-
	<u>4,141,109</u>	<u>-</u>	<u>2,320,857</u>	<u>(1,820,252)</u>	<u>-</u>	<u>(1,820,252)</u>
Total governmental activities	65,313,286	4,766,031	10,716,250	(49,831,005)	-	(49,831,005)
Business type activities:						
Non-instructional programs:						
Nutrition services	2,893,145	2,270,385	799,276	-	176,516	176,516
Preschool services	214,324	147,045	82,202	-	14,923	14,923
Daycare services	1,773,053	1,733,548	8,367	-	(31,138)	(31,138)
Community education services	584,003	572,686	10,945	-	(372)	(372)
Total business type activities	<u>5,464,525</u>	<u>4,723,664</u>	<u>900,790</u>	<u>-</u>	<u>159,929</u>	<u>159,929</u>
Total primary governmental activities	<u>\$ 70,777,811</u>	<u>9,489,695</u>	<u>11,617,040</u>	<u>(49,831,005)</u>	<u>159,929</u>	<u>(49,671,076)</u>

Johnston Community School District
Statement of Activities
Year ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Operating Grants, Contributions and Restricted Interest			
	Expenses	Charges for Service		Governmental Activities	Business Type Activities	Total Primary Government
Totals continued from previous page	\$ 70,777,811	9,489,695	11,617,040	(49,831,005)	159,929	(49,671,076)
General revenues:						
Property tax levied for:						
General purposes				\$ 25,381,589	-	25,381,589
Debt service				875,421	-	875,421
Capital outlay				2,954,515	-	2,954,515
Statewide sales, services and use tax				5,808,390	-	5,808,390
Unrestricted state grants				20,916,147	-	20,916,147
Unrestricted investment earnings				109,923	-	109,923
Other				782,623	-	782,623
Total general revenues				56,828,608	-	56,828,608
Change in net assets				6,997,603	159,929	7,157,532
Net assets beginning of year				67,866,138	2,646,860	70,512,998
Net assets end of year				\$ 74,863,741	2,806,789	77,670,530

See notes to basic financial statements.

Exhibit C

Johnston Community School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash and pooled investments	\$ 10,765,508	510,025	12,948,333	2,569,497	26,793,363
Receivables:					
Property tax:					
Current year delinquent	207,660	7,626	25,735	8,054	249,075
Succeeding year	24,251,119	2,307,700	3,136,738	950,002	30,645,559
Accounts	71,550	-	-	19,602	91,152
Due from other governments	1,995,896	-	710,774	-	2,706,670
Inventories	42,426	-	-	-	42,426
Prepaid expense	15,750	-	-	-	15,750
Total assets	\$ 37,349,909	2,825,351	16,821,580	3,547,155	60,543,995
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,473,839	-	400,042	152,610	2,026,491
Salaries and benefits payable	5,922,269	-	-	-	5,922,269
Early retirement payable - due within one year	-	-	-	243,662	243,662
Deferred revenue:					
Succeeding year property tax	24,251,119	2,307,700	3,136,738	950,002	30,645,559
Other	173,286	-	-	-	173,286
Total liabilities	31,820,513	2,307,700	3,536,780	1,346,274	39,011,267
Fund balances:					
Nonspendable for:					
Inventories	42,426	-	-	-	42,426
Restricted for:					
School infrastructure	-	-	11,038,018	-	11,038,018
Debt service	-	517,651	-	-	517,651
State categorical funding	765,115	-	-	-	765,115
Physical plant and equipment	-	-	2,246,782	-	2,246,782
Management levy purposes	-	-	-	1,662,637	1,662,637
Student activities	-	-	-	538,244	538,244
Unassigned	4,721,855	-	-	-	4,721,855
Total fund balances	5,529,396	517,651	13,284,800	2,200,881	21,532,728
Total liabilities and fund balances	\$ 37,349,909	2,825,351	16,821,580	3,547,155	60,543,995

See notes to basic financial statements.

Exhibit D

**Johnston Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Assets
June 30, 2011**

Total fund balances of governmental funds (Exhibit C)	\$ 21,532,728
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	91,651,252
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The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	3,779,056
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Long-term liabilities, including bonds and notes payable, compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

Capital loan notes payable	\$ (1,435,000)	
General obligation bonds payable	(39,230,000)	
Bond issuance costs	14,192	
Bond premiums	(47,822)	
Accrued interest	(137,930)	
Early retirement	(534,077)	
Portion of early retirement reflected on governmental funds	243,662	
Compensated absences	(138,844)	
Other post employment benefits	(833,476)	(42,099,295)

Net assets of governmental activities (Exhibit A)	\$ 74,863,741
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See notes to basic financial statements.

Exhibit E

Johnston Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2011

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 24,433,910	875,421	8,762,903	947,681	35,019,915
Tuition	3,475,163	-	-	-	3,475,163
Other	1,146,402	1,730	71,962	863,735	2,083,829
Intermediate sources	91,857	-	-	-	91,857
State sources	27,909,199	205	694	234	27,910,332
Federal sources	3,729,793	-	-	-	3,729,793
Total revenues	60,786,324	877,356	8,835,559	1,811,650	72,310,889
Expenditures:					
Current:					
Instruction:					
Regular instruction	26,730,893	-	25,671	293,226	27,049,790
Special instruction	8,299,509	-	-	-	8,299,509
Other instruction	4,508,523	-	-	702,996	5,211,519
	39,538,925	-	25,671	996,222	40,560,818
Support services:					
Student services	1,641,706	-	-	15,466	1,657,172
Instructional staff services	2,457,979	-	507,992	-	2,965,971
Administration services	5,121,560	2,750	204,305	132,442	5,461,057
Operation and maintenance of plant services	4,357,062	-	147,588	240,000	4,744,650
Transportation services	2,345,038	-	431,283	83,106	2,859,427
	15,923,345	2,750	1,291,168	471,014	17,688,277
Non-instructional programs:					
Food services	-	-	-	42,357	42,357
Community service and education	117,099	-	-	971	118,070
	117,099	-	-	43,328	160,427
Capital outlay:					
Other expenditures	-	-	5,158,895	-	5,158,895
Debt Service:					
Other expenditures:					
Principal	-	4,150,000	-	-	4,150,000
Interest	-	1,803,086	-	-	1,803,086
	-	5,953,086	-	-	5,953,086
Intergovernmental:					
Other expenditures	2,320,857	-	-	-	2,320,857
Total expenditures	57,900,226	5,955,836	6,475,734	1,510,564	71,842,360
Excess (deficiency) of revenues over (under) expenditures	2,886,098	(5,078,480)	2,359,825	301,086	468,529

Exhibit E

Johnston Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2011

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<i>Continued from previous page</i>					
Other financing sources (uses):					
Transfers in	-	5,077,667	-	-	5,077,667
Transfers out	-	-	(5,077,667)	-	(5,077,667)
Total other financing sources (uses)	-	5,077,667	(5,077,667)	-	-
Net change in fund balances	2,886,098	(813)	(2,717,842)	301,086	468,529
Fund balances beginning of year, as restated	2,643,298	518,464	16,002,642	1,899,795	21,064,199
Fund balances end of year	<u>\$ 5,529,396</u>	<u>517,651</u>	<u>13,284,800</u>	<u>2,200,881</u>	<u>21,532,728</u>

See notes to basic financial statements.

Johnston Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2011

Net change in fund balances - total governmental funds (Exhibit E) **\$ 468,529**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays:

From facilities acquisition	\$ 5,129,402	
Less current year depreciation	<u>(3,083,473)</u>	2,045,929

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred in and amortized in the Statement of Activities.

Current year items are as follows:

Repayments of bond and note principal	4,150,000	
Amortization of premiums and bond issuance costs	<u>3,736</u>	4,153,736

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

12,327

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	174,654	
Compensated absences	3,606	
Other postemployment benefits	<u>(314,783)</u>	(136,523)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

453,605

Change in net assets of governmental activities (Exhibit B) **\$ 6,997,603**

See notes to basic financial statements.

Exhibit G

Johnston Community School District
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,300,791	4,574,343
Receivables:		
Accounts	30,100	36,752
Due from other governments	24,112	-
Prepaid expenses	265	-
Inventories	105,812	-
Total current assets	2,461,080	4,611,095
Non-current assets:		
Property and equipment:		
Machinery and equipment	1,993,660	-
Accumulated depreciation	(1,317,539)	-
Total non-current assets	676,121	-
Total assets	3,137,201	4,611,095
Liabilities		
Current liabilities:		
Accounts payable	65,346	10,747
Insurance claims liability	-	821,292
Accrued salaries and benefits payable	122,075	-
Unearned revenues	80,775	-
Compensated absences payable	16,993	-
Total current liabilities	285,189	832,039
Non-current liabilities:		
Other postemployment benefits payable	45,223	-
Total liabilities	330,412	832,039
Net Assets		
Invested in capital assets	676,121	-
Restricted for:		
Community preschool	8,370	-
Flexible benefits	-	123,000
Unrestricted	2,122,298	3,656,056
Total net assets	\$ 2,806,789	3,779,056

See notes to basic financial statements.

Exhibit H

Johnston Community School District
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year ended June 30, 2011

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenue:		
Local sources:		
Operating revenues	\$ 4,723,664	7,248,477
Operating expenses:		
Instructional programs:		
Instruction services:		
Depreciation	1,249	-
Other	370,288	-
	371,537	-
Support services:		
Other	351,200	6,794,872
Non-instructional programs:		
Food service operations:		
Depreciation	112,035	-
Other	2,567,991	-
	2,680,026	-
Community service operations:		
Depreciation	8,173	-
Other	2,053,589	-
	2,061,762	-
Total operating expenses	5,464,525	6,794,872
Operating income (loss)	(740,861)	453,605
Non-operating revenues:		
State sources	104,037	-
Federal sources	778,737	-
Contributions	13,192	-
Interest income	4,824	-
Total non-operating revenues	900,790	-
Changes in net assets	159,929	453,605
Net assets beginning of year	2,646,860	3,325,451
Net assets end of year	\$ 2,806,789	3,779,056

See notes to basic financial statements.

Exhibit I

Johnston Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 2,274,831	-
Cash received from community services	2,459,614	7,211,725
Cash payments to employees for services	(3,193,335)	(6,706,235)
Cash payments to suppliers for goods or services	(1,896,116)	(60,527)
Net cash provided (used) by operating activities	(355,006)	444,963
Cash flows from non-capital financing activities:		
Operating contributions	18,016	-
State grants received	104,037	-
Federal grants received	564,589	-
Net cash provided by non-capital financing activities	686,642	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(38,412)	-
Net cash used by capital and related financing activities	(38,412)	-
Net increase in cash and cash equivalents	293,224	444,963
Cash and cash equivalents at beginning of year	2,007,567	4,129,380
Cash and cash equivalents at end of year	\$ 2,300,791	4,574,343
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (740,861)	453,605
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	214,148	-
Depreciation	121,457	-
Decrease (increase) in accounts receivable	8,145	(36,752)
Decrease in due from other governments	2,564	-
Decrease in inventories	2,346	-
(Increase) in prepaid expenses	(265)	-
Increase (decrease) in accounts payable	1,086	(20,802)
Increase in insurance claims payable	-	48,912
Increase in salaries and benefits payable	15,742	-
Increase in unearned revenue	72	-
Increase in compensated absences payable	2,645	-
Increase in other postemployment benefits payable	17,915	-
Net cash provided (used) by operating activities	\$ (355,006)	444,963

Exhibit I

**Johnston Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011**

Business Type Activities	Governmental Activities
Non-major Enterprise Funds	Internal Service Fund

Continued from previous page

**Reconciliation of cash and cash equivalents at year end to
specific assets included on Combined Balance Sheet:**

Current assets:

Cash and investments	\$ 2,300,791	4,574,343
Cash and cash equivalents at year end	<u>\$ 2,300,791</u>	<u>4,574,343</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received federal commodities valued at \$214,148.

See notes to basic financial statements.

(1) **Summary of Significant Accounting Policies**

The Johnston Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades prekindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Johnston, Iowa; portions of Urbandale, Des Moines, Granger and Grimes, Iowa; and other unincorporated areas of Polk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Johnston Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. Johnston Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Polk County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Child Care Fund: This fund accounts for transactions for before and after school child care and summer child care programs authorized by Iowa Code 298A.12 and 279.49.

Preschool Fund: This fund accounts for transactions for preschool programs with an instructional component for children who have not yet met the age requirement for school-aged education.

Community Education Fund: This fund accounts for transactions for facilities and services to provide further education opportunities to the local area.

Internal Service Funds: The internal service funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District has the following internal service funds:

Self-Insurance Fund: This fund accounts for transactions for self-insured health insurances including medical, dental, prescription and vision received by District employees in which the District is responsible for paying all claims and administrative costs attributable to the insurances listed above.

Flexible Benefits: This fund accounts for transactions for certain benefits available to District employees in which the District is responsible for paying all premiums or costs specified by the employee.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments.

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that had a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The District has invested funds in the Iowa Schools Joint Investment Trust (ISJIT). ISJIT is an investment pool managed by the trustee, Bankers Trust, which allows governments within the State to pool their funds for investment purposes. ISJIT is registered with the SEC as an investment company and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in ISJIT are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments. Federal and state grants are recorded as receivables and the revenue is recognized during the period in which the District fulfills the requirements for receiving the grant awards in the government-wide statements. In the governmental fund statements, the revenue must meet the measurable and available criteria. Amounts received for which legal claims or applicable requirements have not been met are recorded as deferred revenue. Certain intergovernmental revenues have been included to spend such funds only for the purpose reported.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements on the consumption method.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,500
Buildings	3,500
Improvements other than buildings	3,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,500

Capital assets (with the exception of land and construction in progress, which are not depreciated) are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Interfund Activity - Transfers between governmental and business type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Deferred and Unearned Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of the succeeding year's property tax receivable and unspent grant proceeds.

Unearned revenue on the Statement of Net Assets consists of the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned grant proceeds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in other spendable classifications.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2011

(2) Cash and Pooled Investments (continued from previous page)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the following:

Iowa Schools Joint Investment Trust	
Diversified Portfolio	\$ 495
Wells Fargo Bank Money Market	19,052,653
	<u>\$ 19,053,148</u>

Interest rate risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within three hundred and ninety-seven days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt.

Credit risk. The investments in the Iowa Schools Joint Investment Trust and the IPASeducation program were both rated Aaa by Moody's Investors Service. The fair value of the District's position in these programs is the same as the value of the program shares. The investments in Wells Fargo are primarily invested in U.S. Treasury securities. The District is authorized by statute to invest public funds not currently needed for operating expenses in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa, and certain joint investment trusts. The District may also invest in commercial paper or other short-term corporate debt that matures within two hundred seventy days that is rated in the highest classification, as established by at least one of the standard rating services approved by the superintendent of banking by rules adopted pursuant to Chapter 17A, provided that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

(3) Due from Other Governments

The detail of due from other governments for the year ended June 30, 2011 is as follows:

Due from other districts	\$ 1,262,522
Due from the State of Iowa - Local sources	604,462
Due from the State of Iowa - State sources	201,688
Due from the State of Iowa - Federal sources	662,110
	<u>\$ 2,730,782</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service Fund	Capital Projects Fund - Physical Plant and Equipment Levy	\$ 743,978
Debt Service Fund	Capital Projects Fund - Statewide Sales, Services and Use Tax	4,333,689
		<u>\$ 5,077,667</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2011

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,536,919	-	-	3,536,919
Construction in progress	1,329,285	3,266,396	1,390,004	3,205,677
Total capital assets not being depreciated	4,866,204	3,266,396	1,390,004	6,742,596
Capital assets being depreciated:				
Buildings	104,250,283	1,988,137	-	106,238,420
Improvements other than buildings	6,554,804	392,099	-	6,946,903
Furniture and equipment	5,561,512	872,774	161,700	6,272,586
Total capital assets being depreciated	116,366,599	3,253,010	161,700	119,457,909
Less accumulated depreciation for:				
Buildings	26,056,087	2,148,537	-	28,204,624
Improvements other than buildings	2,205,726	277,593	-	2,483,319
Furniture and equipment	3,365,667	657,343	161,700	3,861,310
Total accumulated depreciation	31,627,480	3,083,473	161,700	34,549,253
Total capital assets being depreciated, net	84,739,119	169,537	-	84,908,656
Governmental activities capital assets, net	\$ 89,605,323	3,435,933	1,390,004	91,651,252
Business type activities:				
Furniture and equipment	\$ 1,955,248	38,412	-	1,993,660
Less accumulated depreciation	1,196,082	121,457	-	1,317,539
Business-type activities capital assets, net	\$ 759,166	(83,045)	-	676,121

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 2,515,096
Other	1,230

Support services:

Instructional staff services	62,732
Administration	62,139
Operation and maintenance of plant	90,725
Transportation	351,551
Total depreciation expense - governmental activities	\$ 3,083,473

Business type activities:

Food services	\$ 112,035
Community Daycare	5,126
Community Preschool	1,249
Community Education	3,047
	\$ 121,457

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2011

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 42,695,000	-	3,465,000	39,230,000	3,600,000
Bond issuance costs	(15,769)	-	(1,577)	(14,192)	(1,577)
Bond premiums	53,135	-	5,313	47,822	5,313
Capital loan notes	2,120,000	-	685,000	1,435,000	705,000
Early retirement	867,760	-	333,683	534,077	243,662
Net OPEB liability	518,693	314,783	-	833,476	-
Total	\$ 46,238,819	314,783	4,487,419	42,066,183	4,552,398
Business type activities:					
Net OPEB liability	\$ 27,308	17,915	-	45,223	-

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Refunding Bond Issue of April 1, 2003				
Year ended June 30,	Rates	Principal	Interest	Total
2012	3.20%	\$ 860,000	27,520	887,520
Subtotal		860,000	27,520	887,520
Bond Issue of February 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2012	3.750%	970,000	1,050,456	2,020,456
2013	4.000%	1,585,000	1,014,082	2,599,082
2014	5.000%	1,700,000	950,681	2,650,681
2015	4.500%	1,815,000	865,681	2,680,681
2016	4.000%	3,190,000	784,006	3,974,006
2017	4.000%	3,700,000	656,406	4,356,406
2018	4.100%	3,875,000	508,406	4,383,406
2019	4.250%	4,075,000	349,531	4,424,531
2020	4.125%	4,275,000	176,344	4,451,344
Subtotal		25,185,000	6,355,593	31,540,593
Bond Issue of May 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2012	4.0%	1,065,000	227,200	1,292,200
2013	4.0%	1,430,000	184,600	1,614,600
2014	4.0%	1,450,000	127,400	1,577,400
2015	4.0%	1,480,000	69,400	1,549,400
2016	4.0%	255,000	10,200	265,200
Subtotal		5,680,000	618,800	6,298,800

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2011

(6) *Long-Term Liabilities*
General Obligation Bonds Payable (continued from previous page)

Bond Issue of August 1, 2007				
Year ended June 30,	Rates	Principal	Interest	Total
2012	3.750%	705,000	309,608	1,014,608
2013	3.750%	735,000	279,646	1,014,646
2014	4.000%	765,000	248,408	1,013,408
2015	5.000%	800,000	215,896	1,015,896
2016	4.500%	825,000	181,896	1,006,896
2017	4.000%	860,000	148,896	1,008,896
2018	4.000%	900,000	114,496	1,014,496
2019	4.100%	940,000	78,046	1,018,046
2020	4.250%	975,000	38,976	1,013,976
Subtotal		7,505,000	1,615,868	9,120,868

Totals			
Year ended June 30,	Principal	Interest	Total
2012	3,600,000	1,614,784	5,214,784
2013	3,750,000	1,478,328	5,228,328
2014	3,915,000	1,326,489	5,241,489
2015	4,095,000	1,150,977	5,245,977
2016	4,270,000	976,102	5,246,102
2017	4,560,000	805,302	5,365,302
2018	4,775,000	622,902	5,397,902
2019	5,015,000	427,577	5,442,577
2020	5,250,000	215,320	5,465,320
Total	\$ 39,230,000	8,617,781	47,847,781

Capital Loan Notes Payable

Details of the District's June 30, 2011 capital loan note indebtedness is as follows:

Capital Loan Note of June 1, 2003				
Year ended June 30,	Rates	Principal	Interest	Total
2012	2.750%	\$ 705,000	40,375	745,375
2013	2.875%	730,000	20,988	750,988
Total		\$ 1,435,000	61,363	1,496,363

At the school election held on September 10, 2002, a special proposition authorizing the levy of tax not exceeding one dollar and thirty-four cents per one hundred thousand dollars of assessed value was adopted and approved by the electors. In order to make the proceeds of this voted tax immediately available, the Board of Directors, pursuant to Iowa Code section 297.36, authorized the sale of \$6,500,000 of capital loan notes.

Early Retirement

There was no early retirement plan offered to District employees for 2011. However, the District has offered voluntary early retirement plans to its employees in the past with application for early retirement subject to approval by the Board of Education. The most recent plan required eligible employees to have completed at least ten years of full-time service within the prior twelve consecutive years to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement was to commence. No more than ten employees were allowed to retire in any given year with priority given to employees with the longest tenure of service.

(6) *Long-Term Liabilities*
Early Retirement (continued from previous page)

Early retirement benefits were equal to 50% of the average of the employee's highest three year's contractual salary in the twelve years prior to retirement plus accumulated sick leave cash-out. Early retirement cash benefit amounts were placed in a State RIC 403(b) plan as directed by the employee in the July immediately following retirement.

Before the most recent voluntary early retirement plan described above, there was a voluntary early retirement plan that consisted of both a stipend paid to a 403b account representing 30% of employee's high three year average and a single insurance benefit covering employees until Medicare eligible.

At June 30, 2011, the District had obligations to 41 participants with a total liability of \$534,077 of which \$465,070 was due to health insurance liabilities from the older early retirement plan and \$69,007 due to an annuity liability from the most recent plan. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$333,683.

This long-term liability is generally liquidated with funds from the Non-major Special Revenue Fund – Management Levy.

(7) **Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$2,614,606, \$2,436,231, and \$2,207,205, respectively, equal to the required contributions for each year.

(8) **Other Post-Employment Benefits (OPEB)**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 672 active and 43 retired members in the plan. Participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 10 years within the 12 consecutive years prior to the retirement year.

The medical/prescription drug coverage is provided through a self-funded insurance program administered by a third party administrator. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2011

(8) *Other Post-Employment Benefits (OPEB) (continued from previous page)*

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	2011	2010	2009
Annual required contribution	\$ 732,000	732,000	738,000
Interest on net OPEB obligation	24,570	10,000	-
Adjustment to annual required contribution	(20,872)	(8,000)	-
Annual OPEB cost	735,698	734,000	738,000
Contributions made	(403,000)	402,999	(523,000)
Increase in net OPEB obligation	332,698	331,001	215,000
Net OPEB obligation beginning of year	546,001	215,000	-
Net OPEB obligation end of year	\$ 878,699	546,001	215,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$403,000. Retiree and active members receiving benefits contributed \$829,020 through their required contribution of \$1, \$2, \$471, or \$573 per month, depending on which union the employee belongs to and whether single or family coverage is elected.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 738,000	70.90%	215,000
June 30, 2010	734,000	54.90%	546,001
June 30, 2011	735,698	45.86%	878,699

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2011, the actuarial accrued liability was \$5.2 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$32,049,990, and the ratio of the UAAL to covered payroll was 16.2%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(8) Other Post-Employment Benefits (OPEB) (continued from previous page)

As of the July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 3.5%. The medical trend rate is reduced 0.5% each year until reaching the 3.5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$765 per month for retirees less than age 65 and \$515 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

Johnston Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. During the year ended June 30, 2011, there were no significant reductions in coverage. In addition, over the past three fiscal years, settlement amounts did not exceed insurance coverage.

In addition to the above, the District operates a partially self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' medical benefits. The program is supplemented by stop loss protection, which limits the District's liability to \$60,000 per individual medical claim or an aggregate limit of 125% during the period July 1, 2005 through June 30, 2011.

The District operates a totally self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' dental benefits. The program liability is limited to \$1,000 per individual per year.

Both plans receive an annual actuarial opinion and an annual report is filed with the State of Iowa Insurance Division. The insurance claims liability of \$821,292 reported at June 30, 2011 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The District operates a Section 125/Flex Plan whereby employee contributions are made through payroll deduction and eligible expenses are reimbursed on a weekly basis.

The above plans are reported in the Internal Services Fund.

Changes in the reported liability since July 1, 2009 resulted from the following:

	Beginning of Fiscal Year Liability	Current Year		Balance at Fiscal Year-End
		Claims and Changes in Estimates	Claim Payments	
2010	\$ 562,094	6,672,359	(6,462,073)	772,380
2011	772,380	6,814,806	(6,765,894)	821,292

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$2,320,857 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(11) Construction Commitment

The District has entered into contracts totaling \$4,417,558 for the construction of an addition to Lawson Elementary. As of June 30, 2011, costs of \$3,205,677 had been incurred against the contracts. The balance of \$1,211,881 remaining at June 30, 2011 will be paid as work on the project progresses.

Project	Contract Amount	Costs through June 30, 2011
Lawson Elementary School	\$ 4,417,558	3,205,677
	<u>\$ 4,417,558</u>	<u>3,205,677</u>

(12) Operating Leases

The District leases copy machines under noncancelable operating leases. Total costs for such leases were approximately \$70,217 for the year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

Year ending June 30:

2012	\$ 64,706
2013	62,736
2014	60,094
	<u>187,536</u>

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 13,630,429	2,372,213
Change in fund type classification per implementation of GASB Statement No. 54	2,372,213	(2,372,213)
Balances July 1, 2010, as restated	<u>\$ 16,002,642</u>	<u>-</u>

Required Supplementary Information

Johnston Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information
Year ended June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Employer Contributions
2009 July 1, 2008	\$	-	6,095,000	6,095,000	0.0%	28,576,000	21.3%	523,000
2010 July 1, 2009		-	5,200,000	5,200,000	0.0%	31,542,587	16.5%	402,999
2011 July 1, 2009		-	5,200,000	5,200,000	0.0%	32,049,990	16.2%	403,000

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress

See accompanying independent auditor's report

Johnston Community School District
Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 40,578,907	4,741,680	45,320,587	44,642,095	678,492
Intermediate sources	91,857	-	91,857	90,000	1,857
State sources	27,910,332	104,037	28,014,369	30,700,927	(2,686,558)
Federal sources	3,729,793	778,737	4,508,530	1,325,325	3,183,205
Total revenues	72,310,889	5,624,454	77,935,343	76,758,347	1,176,996
Expenditures:					
Instruction	40,560,818	371,537	40,932,355	44,961,321	4,028,966
Support services	17,688,277	351,200	18,039,477	23,031,890	4,992,413
Noninstructional programs	160,427	4,741,788	4,902,215	6,829,476	1,927,261
Other expenditures	13,432,838	-	13,432,838	24,847,597	11,414,759
Total expenditures	71,842,360	5,464,525	77,306,885	99,670,284	22,363,399
Excess (deficiency) of revenues over (under) expenditures	468,529	159,929	628,458	(22,911,937)	23,540,395
Other financing sources (uses), net	-	-	-	20,000	(20,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	468,529	159,929	628,458	(22,891,937)	23,520,395
Balances beginning of year	21,064,199	2,646,860	23,711,059	22,891,937	819,122
Balances end of year	\$ 21,532,728	2,806,789	24,339,517	-	24,339,517

See accompanying independent auditor's report.

Basis of Presentation

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the fiscal year beginning July 1, a proposed budget is adopted by the Board and filed with the County Auditor no later than April 15. The budget is certified by the County Auditor to the Department of Management.

Once adopted, the budget can be amended by the Board. The amendment must be published and a public hearing conducted prior to the amendment. Any amendments must be certified to the County Auditor no later than May 31. The proposed expenditure budget is advertised in the local newspaper, together with a notice of public hearing.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for a budgeted governmental, enterprise and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted in any functional area. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year.

The District is required by the Code of Iowa to budget for its share of media, education services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$2,320,857 for the year ended June 30, 2011.

Other Supplementary Information

Johnston Community School District
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2011

	Management	Student Activity	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 2,006,884	562,613	2,569,497
Receivables:			
Property tax:			
Current year delinquent	8,054	-	8,054
Succeeding year	950,002	-	950,002
Accounts	-	19,602	19,602
Total assets	\$ 2,964,940	582,215	3,547,155
Liabilities and Fund Balances			
Current liabilities:			
Accounts payable	\$ 108,639	43,971	152,610
Early retirement payable	243,662	-	243,662
Deferred revenue:			
Succeeding year property tax	950,002	-	950,002
Total liabilities	1,302,303	43,971	1,346,274
Fund balances:			
Restricted for:			
Management levy purposes	1,662,637	-	1,662,637
Student activities	-	538,244	538,244
Total fund balances	1,662,637	538,244	2,200,881
Total liabilities and fund balances	\$ 2,964,940	582,215	3,547,155

See accompanying independent auditor's report.

Schedule 2

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year ended June 30, 2011

	Management	Student Activity	Total
Revenues:			
Local sources:			
Local tax:			
Property tax	\$ 919,558	-	919,558
Utility tax replacement excise tax	27,281	-	27,281
Mobile home tax	842	-	842
	947,681	-	947,681
Other local sources:			
Student activities	-	639,237	639,237
Donations	-	75,243	75,243
Other local revenue	33,504	115,751	149,255
	33,504	830,231	863,735
	981,185	830,231	1,811,416
State sources:			
Revenue in lieu of taxes :			
Military credit	234	-	234
Total revenues	981,419	830,231	1,811,650
Expenditures:			
Current:			
Instruction:			
Regular instruction:			
Benefits	293,226	-	293,226
Co-curricular instruction:			
Purchased services	-	151,384	151,384
Supplies	-	490,161	490,161
Property	-	38,715	38,715
Other	-	22,736	22,736
	-	702,996	702,996
Total instruction	293,226	702,996	996,222

Schedule 2

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year ended June 30, 2011

	Management	Student Activity	Total
<i>Continued from previous page</i>			
Expenditures:			
Current:			
Support Services:			
Student support:			
Benefits	15,466	-	15,466
Administration:			
Benefits	115,743	-	115,743
Purchased services	16,347	352	16,699
	132,090	352	132,442
Plant operation and maintenance:			
Benefits	3,420	-	3,420
Purchased services	236,580	-	236,580
	240,000	-	240,000
Student transportation:			
Benefits	28,249	-	28,249
Purchased services	54,857	-	54,857
	83,106	-	83,106
Total support services	470,662	352	471,014
Non-instructional Programs:			
Food services			
Benefits	42,357	-	42,357
Community service & education:			
Benefits	971	-	971
Total non-instructional programs	43,328	-	43,328
Total expenditures	807,216	703,348	1,510,564
Excess of revenues over expenditures	174,203	126,883	301,086
Fund balances beginning of year, as restated	1,488,434	411,361	1,899,795
Fund balances end of year	\$ 1,662,637	538,244	2,200,881

See accompanying independent auditor's report.

Johnston Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2011

		Capital Projects		
		Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects
		Total		
Assets				
Cash and pooled investments		\$ 10,241,474	2,258,879	447,980
Receivables:				
Property tax:				
Current year delinquent		-	25,735	-
Succeeding year		-	3,136,738	-
Intergovernmental		710,774	-	-
Total assets		\$ 10,952,248	5,421,352	447,980
Liabilities and Fund Balances				
Liabilities:				
Accounts payable		\$ -	37,832	362,210
Deferred revenue:				
Succeeding year property tax		-	3,136,738	-
Total liabilities		-	3,174,570	362,210
Fund balances:				
Restricted for:				
School infrastructure		10,952,248	-	85,770
Physical plant and equipment		-	2,246,782	-
Total fund balances		10,952,248	2,246,782	85,770
Total liabilities and fund balances		\$ 10,952,248	5,421,352	447,980

See accompanying independent auditor's report.

Schedule 4

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts
Year ended June 30, 2011

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Revenues:				
Local sources:				
Local tax	\$ 5,808,389	2,954,514	-	8,762,903
Other	49,589	13,138	9,235	71,962
State sources	-	694	-	694
Total revenues	5,857,978	2,968,346	9,235	8,835,559
Expenditures:				
Current:				
Instructional Services:				
Regular instruction	-	25,671	-	25,671
Support Services:				
Instructional staff services	464,194	43,798	-	507,992
Administration	-	204,305	-	204,305
Plant operation and maintenance	-	147,588	-	147,588
Transportation	-	431,283	-	431,283
Other expenditures				
Facilities acquisition	334,286	1,497,154	3,327,455	5,158,895
Total expenditures	798,480	2,349,799	3,327,455	6,475,734
Excess (deficiency) of revenues over (under) expenditures	5,059,498	618,547	(3,318,220)	2,359,825
Other financing uses:				
Operating transfers out	(4,333,689)	(743,978)	-	(5,077,667)
Total other financing uses	(4,333,689)	(743,978)	-	(5,077,667)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	725,809	(125,431)	(3,318,220)	(2,717,842)
Fund balances beginning of year, as restated	10,226,439	2,372,213	3,403,990	16,002,642
Fund balances end of year	\$ 10,952,248	\$ 2,246,782	\$ 85,770	\$ 13,284,800

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business Type Activities					Governmental Activities		
	Enterprise Funds					Internal Service Funds		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Assets								
Current assets:								
Cash and cash equivalents	\$ 166,525	648,043	94,597	1,391,626	2,300,791	4,440,596	133,747	4,574,343
Receivables:								
Accounts	9,798	14,454	-	5,848	30,100	36,752	-	36,752
Due from other governments	-	-	24,112	-	24,112	-	-	-
Prepaid expenses	265				265			-
Inventories	-	-	-	105,812	105,812	-	-	-
Total current assets	176,588	662,497	118,709	1,503,286	2,461,080	4,477,348	133,747	4,611,095
Non-current assets:								
Property and equipment:								
Machinery and equipment	38,380	94,251	6,622	1,854,407	1,993,660	-	-	-
Accumulated depreciation	(27,095)	(81,394)	(2,884)	(1,206,166)	(1,317,539)	-	-	-
Total non-current assets	11,285	12,857	3,738	648,241	676,121	-	-	-
Total assets	187,873	675,354	122,447	2,151,527	3,137,201	4,477,348	133,747	4,611,095
Liabilities								
Current liabilities:								
Accounts payable	14,500	34,095	8,623	8,128	65,346	-	10,747	10,747
Insurance claims liability	-	-	-	-	-	821,292	-	821,292
Accrued salaries and benefits payable	13,250	133	1,757	106,935	122,075	-	-	-
Unearned revenue	-	4,350	-	76,425	80,775	-	-	-
Compensated absences	3,210	8,757	554	4,472	16,993	-	-	-
Total current liabilities	30,960	47,335	10,934	195,960	285,189	821,292	10,747	832,039
Non-current liabilities:								
Other postemployment benefits payable	3,474	11,291	2,664	27,794	45,223	-	-	-
Total liabilities	34,434	58,626	13,598	223,754	330,412	821,292	10,747	832,039
Net Assets								
Invested in capital assets	11,285	12,857	3,738	648,241	676,121	-	-	-
Restricted for:								
Community preschool	-	-	8,370	-	8,370	-	-	-
Flexible benefits	-	-	-	-	-	-	123,000	123,000
Unrestricted	142,154	603,871	96,741	1,279,532	2,122,298	3,656,056	-	3,656,056
Total net assets	\$ 153,439	616,728	108,849	1,927,773	2,806,789	3,656,056	123,000	3,779,056

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2011

	Business Type Activities					Governmental Activities		
	Enterprise Funds					Internal Service Funds		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Operating revenues:								
Local sources:								
Other local sources:								
Food service sales	\$ -	-	-	2,246,717	2,246,717	-	-	-
Daycare service fees	-	1,733,548	-	-	1,733,548	-	-	-
Community education fees	572,686	-	147,045	-	719,731	-	-	-
Charges for services	-	-	-	-	-	6,815,676	432,801	7,248,477
Other operating income	-	-	-	23,668	23,668	-	-	-
Total operating revenues	572,686	1,733,548	147,045	2,270,385	4,723,664	6,815,676	432,801	7,248,477
Operating expenses:								
Instructional programs:								
Instructional services:								
Salaries	-	-	109,299	-	109,299	-	-	-
Benefits	-	-	33,773	-	33,773	-	-	-
Services	21,358	-	37,313	-	58,671	-	-	-
Supplies	30,160	-	31,041	-	61,201	-	-	-
Other	480	105,479	1,385	-	107,344	-	-	-
Depreciation	-	-	1,249	-	1,249	-	-	-
	51,998	105,479	214,060	-	371,537	-	-	-
Support Services:								
Administrative services:								
Salaries	-	72,235	-	65,340	137,575	-	-	-
Benefits	-	19,639	-	26,599	46,238	6,305,147	460,747	6,765,894
Services	5,696	5,895	264	79,968	91,823	28,978	-	28,978
	5,696	97,769	264	171,907	275,636	6,334,125	460,747	6,794,872
Operation and maintenance services:								
Services	570	570	-	11,641	12,781	-	-	-
Supplies	-	-	-	29,571	29,571	-	-	-
	570	570	-	41,212	42,352	-	-	-
Transportation services:								
Services	-	33,212	-	-	33,212	-	-	-
	-	33,212	-	-	33,212	-	-	-
	6,266	131,551	264	213,119	351,200	6,334,125	460,747	6,794,872
Non-instructional programs:								
Food services operations:								
Salaries	-	-	-	830,621	830,621	-	-	-
Benefits	-	-	-	287,011	287,011	-	-	-
Services	-	-	-	69,478	69,478	-	-	-
Supplies	-	-	-	1,379,526	1,379,526	-	-	-
Other	-	-	-	1,355	1,355	-	-	-
Depreciation	-	-	-	112,035	112,035	-	-	-
	-	-	-	2,680,026	2,680,026	-	-	-
Community service operations:								
Salaries	365,022	1,134,678	-	-	1,499,700	-	-	-
Benefits	70,848	214,572	-	-	285,420	-	-	-
Services	4,693	2,026	-	-	6,719	-	-	-
Supplies	82,129	179,621	-	-	261,750	-	-	-
Other	-	-	-	-	-	-	-	-
Depreciation	3,047	5,126	-	-	8,173	-	-	-
	525,739	1,536,023	-	-	2,061,762	-	-	-
	525,739	1,536,023	-	2,680,026	4,741,788	-	-	-
Total operating expenses	584,003	1,773,053	214,324	2,893,145	5,464,525	6,334,125	460,747	6,794,872
Operating income (loss)	(11,317)	(39,505)	(67,279)	(622,760)	(740,861)	481,551	(27,946)	453,605

Johnston Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2011

	Business Type Activities					Governmental Activities		
	Enterprise Funds					Internal Service Funds		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
<i>Continued from previous page</i>								
Non-operating revenues:								
State grants	-	-	82,000	-	82,000	-	-	-
State lunch and breakfast program claims	-	-	-	22,037	22,037	-	-	-
National School Lunch Program	-	-	-	504,249	504,249	-	-	-
School Breakfast Program	-	-	-	55,818	55,818	-	-	-
Federal food commodities revenue	-	-	-	214,148	214,148	-	-	-
Child and Adult Care Food Program	-	4,522	-	-	4,522	-	-	-
Contributions	10,692	2,500	-	-	13,192	-	-	-
Interest income	253	1,345	202	3,024	4,824	-	-	-
Total non-operating revenues	10,945	8,367	82,202	799,276	900,790	-	-	-
Changes in net assets	(372)	(31,138)	14,923	176,516	159,929	481,551	(27,946)	453,605
Net assets beginning of year	153,811	647,866	93,926	1,751,257	2,646,860	3,174,505	150,946	3,325,451
Net assets end of year	<u>\$ 153,439</u>	<u>616,728</u>	<u>108,849</u>	<u>1,927,773</u>	<u>2,806,789</u>	<u>3,656,056</u>	<u>123,000</u>	<u>3,779,056</u>

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	Business Type Activities					Governmental Activities		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Cash flows from operating activities:								
Cash received from sale of lunches and breakfasts	\$ -	-	-	2,274,831	2,274,831	-	-	-
Cash received from community services	576,760	1,733,204	149,650	-	2,459,614	6,778,924	432,801	7,211,725
Cash payments to employees for services	(420,192)	(1,435,840)	(146,204)	(1,191,099)	(3,193,335)	(6,256,235)	(450,000)	(6,706,235)
Cash payments to suppliers for goods or services	(137,276)	(317,272)	(72,222)	(1,369,346)	(1,896,116)	(60,527)	-	(60,527)
Net cash provided (used) by operating activities	19,292	(19,908)	(68,776)	(285,614)	(355,006)	462,162	(17,199)	444,963
Cash flows from non-capital financing activities:								
Operating contributions	10,945	3,845	202	3,024	18,016	-	-	-
State grants received	-	-	82,000	22,037	104,037	-	-	-
Federal grants received	-	4,522	-	560,067	564,589	-	-	-
Net cash provided by non-capital financing activities	10,945	8,367	82,202	585,128	686,642	-	-	-
Cash flows from capital and related financing activities:								
Acquisition of capital assets	(4,532)	(2,762)	(3,488)	(27,630)	(38,412)	-	-	-
Net cash used by capital and related financing activities	(4,532)	(2,762)	(3,488)	(27,630)	(38,412)	-	-	-
Net increase in cash and cash equivalents	25,705	(14,303)	9,938	271,884	293,224	462,162	(17,199)	444,963
Cash and cash equivalents at beginning of year	140,820	662,346	84,659	1,119,742	2,007,567	3,978,434	150,946	4,129,380
Cash and cash equivalents at end of year	\$ 166,525	648,043	94,597	1,391,626	2,300,791	4,440,596	133,747	4,574,343
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (11,317)	(39,505)	(67,279)	(622,760)	(740,861)	481,551	(27,946)	453,605
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Commodities used	-	-	-	214,148	214,148	-	-	-
Depreciation	3,047	5,126	1,249	112,035	121,457	-	-	-
(Increase) decrease in accounts receivable	4,074	9,727	192	(5,848)	8,145	(36,752)	-	(36,752)
(Increase) decrease in due from other governments	-	151	2,413	-	2,564	-	-	-
Decrease in inventories	-	-	-	2,346	2,346	-	-	-
(Increase) in prepaid expenses	(265)	-	-	-	(265)	-	-	-
Increase (decrease) in accounts payable	8,075	9,531	(2,219)	(14,301)	1,086	(31,549)	10,747	(20,802)
Increase (decrease) in insurance claims liability	-	-	-	-	-	48,912	-	48,912
Increase (decrease) in salaries and benefits payable	13,222	5	(3,830)	6,345	15,742	-	-	-
Increase (decrease) in unearned revenues	-	(10,222)	-	10,294	72	-	-	-
Increase (decrease) in compensated absences	1,166	1,268	(386)	597	2,645	-	-	-
Increase (decrease) in other post-employment benefits	1,290	4,011	1,084	11,530	17,915	-	-	-
Net cash provided (used) by operating activities	\$ 19,292	(19,908)	(68,776)	(285,614)	(355,006)	462,162	(17,199)	444,963

Johnston Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	Business Type Activities					Governmental Activities		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
<i>Continued from previous page</i>								
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:								
Current assets:								
Cash and investments	\$ 166,525	648,043	94,597	1,391,626	2,300,791	4,440,596	133,747	4,574,343
Cash and cash equivalents at year end	<u>\$ 166,525</u>	<u>648,043</u>	<u>94,597</u>	<u>1,391,626</u>	<u>2,300,791</u>	<u>4,440,596</u>	<u>133,747</u>	<u>4,574,343</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received federal commodities valued at \$214,148.

See accompanying independent auditor's report.

Schedule 8

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2011

Governmental funds capital assets

Land and improvements	\$ 10,483,822
Buildings and improvements	106,238,420
Vehicles, furniture and equipment	6,272,586
Construction in progress	<u>3,205,677</u>

Total governmental funds capital assets	<u><u>\$ 126,200,505</u></u>
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Investments in governmental funds capital assets by source

General Fund	\$ 3,926,348
Special Revenue Funds	69,699
Capital Projects Funds	<u>122,204,458</u>

Total governmental funds capital assets	<u><u>\$ 126,200,505</u></u>
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See accompanying independent auditor's report.

Schedule 9

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2011

Function and Activity	Land and Improvements	Buildings and Improvements	Vehicles, Furniture and Equipment	Construction in Progress	Total
Instruction	\$ 9,019,177	103,496,749	1,849,975	3,205,677	117,571,578
Other instruction	371,476	61,506	-	-	432,982
Support services - instructional staff	441,545	-	303,775	-	745,320
Administration	328,878	1,118,324	225,018	-	1,672,220
Operation and maintenance of plant services	71,519	1,561,841	565,548	-	2,198,908
Student transportation services	251,227	-	3,328,270	-	3,579,497
Total	<u>\$ 10,483,822</u>	<u>106,238,420</u>	<u>6,272,586</u>	<u>3,205,677</u>	<u>126,200,505</u>

See accompanying independent auditor's report.

Schedule 10

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year ended June 30, 2011

Function and Activity	July 1, 2010	Additions	Deletions	June 30, 2011
Instruction	\$ 114,380,567	4,581,015	1,390,004	117,571,578
Other instruction	432,982	-	-	432,982
Support services - instructional staff	707,048	38,272	-	745,320
Administration	1,615,610	56,610	-	1,672,220
Operation and maintenance of plant services	786,682	1,412,226	-	2,198,908
Student transportation services	3,309,914	431,283	161,700	3,579,497
Total	<u>\$ 121,232,803</u>	<u>6,519,406</u>	<u>1,551,704</u>	<u>126,200,505</u>

See accompanying independent auditor's report.

Johnston Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Interfund Transfers	Balanced End of Year
Elementary Schools:					
Lawson Elementary	\$ 2,404	-	-	-	2,404
Wallace Elementary	2,401	-	-	-	2,401
Beaver Creek Elementary	2,500	-	-	-	2,500
Horizon Elementary:					
Student activity	1,432	-	-	-	1,432
Summit Middle School:					
Student Council	3,044	2,344	2,755	-	2,633
Yearbook	17,033	19,696	20,448	-	16,281
Vocal Music	2,043	2,325	722	-	3,646
Instrumental Music	1,431	6,724	5,377	-	2,778
Tech Club	11,281	12,672	9,191	(42)	14,720
Lego Robotics	-	-	42	42	-
Cheerleading	6,158	-	-	-	6,158
Food Assistance	1,593	-	26	-	1,567
SOS	100	-	-	-	100
Middle School:					
Dragon Express	470	-	-	-	470
Student Council	1,921	558	765	-	1,714
Yearbook	10,159	20,568	13,417	-	17,310
Vocal Music	9,956	30,193	30,246	-	9,903
Instrumental Music	2,301	4,511	3,370	-	3,442
Student Management	11,624	-	-	-	11,624
Cheerleading	131	-	-	-	131
MS Pride	154	-	-	-	154
Art Club	4	28	-	-	32
French Club	1,145	165	1,177	-	133
Spanish Club	641	485	659	-	467
Tech Club	1,209	2,613	2,743	-	1,079
High School:					
Environmental Club	25	988	908	-	105
Spanish Club	3,828	135	315	-	3,648
Drama Club	977	972	726	-	1,223
Student Council	4,151	27,044	20,464	-	10,731
National Honor Society	1,740	2,156	2,575	-	1,321
Senior Class	1,197	15,316	12,406	-	4,107
Yearbook	137,536	71,136	77,022	-	131,650
Academic Competition	-	2,884	526	-	2,358
Instrumental Music	1,074	-	-	-	1,074
Vocal Music	8,235	32,156	29,483	-	10,908
Circle of Friends	612	597	857	-	352
SADD	157	-	-	-	157
Diversity Committee	100	-	-	-	100
Tech Club	1,569	1,882	1,997	-	1,454
Gay Straight Alliance	444	-	-	-	444
Fencing Club	875	510	259	-	1,126
Musicals	-	16,803	3,757	-	13,046
Spirit Club	1,255	3,687	3,430	-	1,512
Athletics	156,451	551,083	457,685	-	249,849
Total	\$ 411,361	830,231	703,348	-	538,244

See accompanying independent auditor's report.

Johnston Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Local sources:										
Local tax	\$ 35,019,915	32,577,208	32,073,368	30,063,824	28,943,854	25,624,856	23,672,255	21,314,918	18,180,329	12,602,902
Tuition	3,475,163	3,137,706	3,388,830	3,860,880	3,318,397	3,153,507	3,155,907	2,894,604	2,639,991	2,580,725
Other	2,083,829	2,788,425	2,307,958	3,321,999	3,479,491	2,616,713	1,920,527	1,653,031	1,575,292	5,269,686
Intermediate sources	91,857	90,678	92,866	85,004	-	-	-	-	-	-
State sources	27,910,332	23,396,412	25,729,617	23,887,916	21,363,797	19,152,732	17,287,021	15,584,614	15,434,525	14,401,664
Federal sources	3,729,793	4,060,543	1,310,703	608,405	557,081	545,932	453,730	475,152	449,584	418,530
Total	<u>\$ 72,310,889</u>	<u>66,050,972</u>	<u>64,903,342</u>	<u>61,828,028</u>	<u>\$ 57,662,620</u>	<u>51,093,740</u>	<u>46,489,440</u>	<u>41,922,319</u>	<u>38,279,721</u>	<u>35,273,507</u>
Expenditures:										
Instruction:										
Regular	\$ 27,049,790	26,420,349	25,632,654	22,840,146	\$ 19,978,686	18,389,994	16,682,152	14,923,600	13,619,433	12,451,952
Special	8,299,509	7,633,325	7,310,329	7,135,533	6,694,623	5,867,984	6,196,627	5,449,798	4,021,880	4,251,401
Other	5,211,519	4,562,423	3,493,390	2,798,377	2,841,136	2,385,744	2,186,628	2,082,883	2,531,466	1,960,933
Support services:										
Student	1,657,172	1,595,119	1,434,161	1,413,042	1,289,939	1,189,547	1,123,216	1,082,857	1,177,213	1,241,772
Instructional staff	2,965,971	2,681,246	2,590,573	2,679,714	2,087,999	1,985,956	1,452,473	1,309,542	2,393,225	2,694,811
Administration	5,461,057	5,135,490	5,183,740	5,216,577	4,781,180	4,011,887	2,668,177	2,566,722	2,559,434	2,366,753
Operation and maintenance of plant	4,744,650	4,845,401	4,693,862	4,511,428	3,903,490	3,707,823	3,596,527	3,095,173	2,548,618	2,369,529
Transportation	2,859,427	2,582,214	2,625,767	1,984,393	2,103,016	1,675,469	1,846,703	1,460,984	1,342,785	1,185,349
Central support	-	-	-	-	-	-	17,353	171,047	120,205	-
Non-instructional programs:										
Food services	42,357	13,764	17,345	22,305	2,855	8,203	713	646	-	-
Community services and education	118,070	118,485	112,879	111,639	121,130	142,590	5,130	2,508	-	-
Other expenditures:										
Facilities acquisition	5,158,895	3,865,127	3,341,005	9,739,160	16,166,714	7,242,583	4,949,087	15,198,700	2,199,651	4,602,807
Long-term debt:										
Principal	4,150,000	5,670,000	5,520,000	5,365,000	7,655,000	9,510,000	11,975,000	3,620,000	9,415,000	11,370,000
Interest and other charges	1,803,086	1,952,509	2,128,980	2,250,958	2,597,424	1,087,863	1,159,498	1,187,814	1,266,343	1,676,142
AEA support	2,320,857	2,187,815	1,946,449	1,771,545	1,606,455	1,408,173	1,261,795	1,176,050	1,179,686	1,104,898
Total	<u>\$ 71,842,360</u>	<u>69,263,267</u>	<u>66,031,134</u>	<u>67,839,817</u>	<u>71,829,647</u>	<u>58,613,816</u>	<u>55,121,079</u>	<u>53,328,324</u>	<u>44,374,939</u>	<u>47,276,347</u>

See accompanying independent auditor's report.



Johnston Community School District

Statistical Section Table of Contents

The statistical section of the Johnston Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

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Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	70-89
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	90-97
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	98-105
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	106-110
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

NET ASSETS BY COMPONENT

Last Nine Fiscal Years *

(Unaudited)

Year ended June 30,	2011	2010	2009
Governmental activities:			
Invested in capital assets, net of related debt	\$ 51,038,392	48,156,947	45,865,614
Restricted	16,419,758	15,159,937	13,277,408
Unrestricted	7,405,591	4,549,254	5,467,196
Total governmental activities net assets	\$ 74,863,741	67,866,138	64,610,218
Business-type activities:			
Invested in capital assets, net of related debt	\$ 676,121	759,166	764,558
Restricted	8,370		
Unrestricted	2,122,298	1,887,694	1,894,468
Total business-type activities net assets	\$ 2,806,789	2,646,860	2,659,026
Primary government:			
Invested in capital assets, net of related debt	\$ 51,714,513	48,916,113	46,630,172
Restricted	16,428,128	15,159,937	13,277,408
Unrestricted	9,527,889	6,436,948	7,361,664
Total primary government net assets	\$ 77,670,530	70,512,998	67,269,244

*The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: 2011 Certified Annual Report

2008	2007	2006	2005	2004	2003
39,330,607	35,699,534	35,157,475	32,602,330	29,105,935	24,670,604
13,641,285	11,831,699	5,608,504	2,190,011	2,136,870	2,261,334
5,023,421	3,528,893	1,231,505	584,792	(1,547,399)	(2,293,364)
57,995,313	51,060,126	41,997,484	35,377,133	29,695,406	24,638,574
860,311	865,179	629,082	680,399	401,213	463,442
1,714,535	1,473,496	1,808,309	1,517,315	1,295,667	834,583
2,574,846	2,338,675	2,437,391	2,197,714	1,696,880	1,298,025
40,190,918	36,564,713	35,786,557	33,282,729	29,507,148	25,134,046
13,641,285	11,831,699	5,608,504	2,190,011	2,136,870	2,261,334
6,737,956	5,002,389	3,039,814	2,102,107	(251,732)	(1,458,781)
60,570,159	53,398,801	44,434,875	37,574,847	31,392,286	25,936,599

EXPENSES, PROGRAM REVENUES AND NET REVENUES (EXPENSES)

Last Nine Fiscal Years *

(Unaudited)

Year ended June 30,	2011	2010	2009
Expenses:			
Governmental activities:			
Instruction	\$ 42,997,915	41,075,403	38,263,152
Student services	1,657,151	1,596,919	1,401,696
Instructional staff services	3,028,879	2,749,674	2,601,050
Administrative services	5,308,433	5,122,778	4,781,632
Operating and maintenance of plant services	4,836,685	4,912,963	4,712,151
Transportation services	3,197,520	2,829,785	2,302,013
Capital outlay			
Long-term debt interest	1,790,759	1,920,576	2,082,797
Non-instructional programs	145,594	126,953	91,567
Other expenditures	2,350,350	2,460,001	2,068,147
Total governmental activities expenses	65,313,286	62,795,052	58,304,205
Business type activities:			
Nutrition	2,893,145	2,826,126	2,539,224
Day care services	1,987,377	2,005,525	2,270,418
Community education services	584,003	606,859	582,854
Total business type activities expenses	5,464,525	5,438,510	5,392,496
Total primary government expenses	\$ 70,777,811	68,233,562	63,696,701
Program revenues:			
Governmental activities:			
Charges for services:			
Instruction	\$ 4,446,966	4,021,814	4,384,947
Support services	319,065	303,383	268,496
Other	-	-	-
Operating grants and contributions	10,716,250	10,659,417	6,848,576
Total governmental activities program revenues	15,482,281	14,984,614	11,502,019
Business type activities:			
Charges for services:			
Nutrition	2,270,385	2,126,538	1,997,655
Day care services	1,880,593	1,870,093	2,181,658
Community education services	572,686	593,905	552,129
Operating grants and contributions	900,790	835,808	741,005
Total business type program revenues	5,624,454	5,426,344	5,472,447
Total primary government program revenues	\$ 21,106,735	20,410,958	16,974,466
Net revenue (expense):			
Governmental activities	\$ (49,831,005)	(47,810,438)	(46,802,186)
Business type activities	159,929	(12,166)	79,951
Total primary government net expense	\$ (49,671,076)	(47,822,604)	(46,722,235)

*The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: 2011 Certified Annual Report

2008	2007	2006	2005	2004	2003
34,346,658	30,666,801	28,211,145	26,518,342	23,852,166	21,456,624
1,380,591	1,301,680	1,170,265	1,124,816	1,118,710	1,180,116
2,669,388	2,062,886	1,933,485	1,439,037	1,305,551	2,417,872
4,929,567	4,344,754	4,048,697	2,741,465	2,869,991	2,723,030
4,488,374	3,896,886	3,717,675	3,640,341	3,083,216	2,548,817
2,097,710	2,048,069	1,759,129	1,724,913	1,480,230	1,368,743
798,920	471,589	322,595	890,901	760,856	827,408
2,220,610	2,058,741	1,752,411	1,162,844	1,212,624	1,241,410
82,532	142,117	149,814	843	654	-
1,771,545	1,606,455	1,408,173	1,261,795	1,176,050	1,179,686
54,785,895	48,599,978	44,473,389	40,505,297	36,860,048	34,943,706
2,403,213	2,217,269	1,969,280	1,816,128	1,543,782	1,614,434
2,251,506	2,033,473	1,858,371	1,524,092	1,230,729	1,237,387
509,127	481,129	429,823	594,714	467,234	394,055
5,163,846	4,731,871	4,257,474	3,934,934	3,241,745	3,245,876
59,949,741	53,331,849	48,730,863	44,440,231	40,101,793	38,189,582
4,721,590	3,890,184	3,932,276	4,172,796	3,846,633	3,737,924
236,406	175,645	355,562	217,477	221,696	174,815
-	-	-	-	-	6,193
5,115,230	4,136,055	3,260,375	3,117,791	2,694,797	2,953,549
10,073,226	8,201,884	7,548,213	7,508,064	6,763,126	6,872,481
1,877,541	1,751,445	1,686,958	1,578,301	1,453,805	1,337,514
2,218,810	1,919,604	1,870,127	1,564,964	1,358,932	1,246,703
479,257	435,473	391,836	548,318	438,535	377,596
717,105	526,633	548,230	441,769	375,335	354,505
5,292,713	4,633,155	4,497,151	4,133,352	3,626,607	3,316,318
15,365,939	12,835,039	12,045,364	11,641,416	10,389,733	10,188,799
(44,712,669)	(40,398,094)	(36,925,176)	(32,997,233)	(30,096,922)	(28,071,225)
128,867	(98,716)	239,677	198,418	384,862	70,442
(44,583,802)	(40,496,810)	(36,685,499)	(32,798,815)	(29,712,060)	(28,000,783)

GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS

Last Nine Fiscal Years *
(Unaudited)

Year ended June 30,	2011	2010	2009
Net (expense) revenue:			
Governmental activities	\$ (49,831,005)	(47,810,438)	(46,802,186)
Business type activities	159,929	(12,166)	79,951
Total primary government net expense	(49,671,076)	(47,822,604)	(46,722,235)
General revenues and other changes in net assets:			
Governmental activities:			
General revenues:			
Property taxes levied for:			
General purposes	25,381,589	24,158,338	21,298,103
Debt service	875,421	1,313,820	2,556,704
Capital outlay	2,954,515	2,822,082	2,638,596
Local option sales and services tax	5,808,390	4,282,968	5,579,965
Unrestricted state grants	20,916,147	16,880,987	20,175,159
Unrestricted investment earnings	109,923	847,168	376,149
Other	782,623	760,995	796,644
Capital contributions	-	-	-
Gain on sale of assets	-	-	-
Transfers	-	-	(4,229)
Total governmental activities	56,828,608	51,066,358	53,417,091
Business-type activities:			
Investment earnings	-	-	-
Miscellaneous	-	-	-
Transfers	-	-	4,229
Total business-type activities	-	-	4,229
Total primary government general revenues and other changes in net assets	56,828,608	51,066,358	53,421,320
Change in net assets:			
Governmental activities	6,997,603	3,255,920	6,614,905
Business-type activities	159,929	(12,166)	84,180
Total primary government change in net assets	\$ 7,157,532	3,243,754	6,699,085

*The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: 2011 Certified Annual Report

2008	2007	2006	2005	2004	2003
(44,712,669)	(40,398,094)	(36,925,176)	(32,997,233)	(30,096,922)	(28,071,225)
128,867	(98,716)	239,677	198,418	384,862	70,442
(44,583,802)	(40,496,810)	(36,685,499)	(32,798,815)	(29,712,060)	(28,000,783)

19,689,959	19,159,367	16,565,872	15,337,951	13,415,403	10,865,336
2,657,697	2,177,335	2,304,979	2,018,204	2,012,726	2,442,045
2,485,836	2,384,625	2,159,039	2,059,739	1,887,257	4,872,948
5,230,332	5,222,527	4,594,967	4,256,361	3,999,532	-
19,400,505	17,692,641	16,398,591	14,607,644	13,358,918	13,105,626
1,148,153	1,610,716	853,263	200,335	126,896	51,709
1,142,678	1,213,525	668,816	501,142	367,015	69,576
-	-	-	(285,868)	-	-
-	-	-	-	-	214,695
-	-	-	(16,548)	(13,993)	-
51,755,160	49,460,736	43,545,527	38,678,960	35,153,754	31,621,935

-	-	-	-	-	-
-	-	-	285,868	-	-
-	-	-	16,548	13,993	-
-	-	-	302,416	13,993	-

51,755,160	49,460,736	43,545,527	38,981,376	35,167,747	31,621,935
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7,042,491	9,062,642	6,620,351	5,681,727	5,056,832	3,550,710
128,867	(98,716)	239,677	500,834	398,855	70,442
7,171,358	8,963,926	6,860,028	6,182,561	5,455,687	3,621,152

FUND BALANCES - GOVERNMENTAL FUNDS**Last Ten Fiscal Years****(Unaudited)**

Year ended June 30,	2011	2010	2009	2008	2007
General Fund:					
Restricted	\$ 807,541	1,062,752	635,151	497,962	504,469
Unassigned	4,721,855	1,580,546	2,347,277	2,713,355	2,693,386
Total general fund	5,529,396	2,643,298	2,982,428	3,211,317	3,197,855
All other governmental funds:					
Restricted, Debt Service	517,651	518,464	3,990,413	454,343	397,337
Restricted, reported in:					
Special revenue funds	2,200,881	4,272,008	4,406,636	4,427,435	3,494,338
Capital project funds	13,284,800	13,630,429	12,897,017	17,177,649	14,123,571
Total all other governmental funds	16,003,332	18,420,901	21,294,066	22,059,427	18,015,246
Total governmental fund balances	\$ 21,532,728	21,064,199	24,276,494	25,270,744	21,213,101

Source: 2011 Certified Annual Report

2006	2005	2004	2003	2002
439,250	380,357	496,423	436,761	251,347
1,363,662	699,325	(904,157)	(1,867,297)	(1,545,018)
1,802,912	1,079,682	(407,734)	(1,430,536)	(1,293,671)
3,393,351	219,696	209,093	206,947	193,570
2,883,949	2,086,111	1,486,468	1,549,840	1,484,665
27,299,916	2,594,715	1,185,564	1,533,584	1,130,442
33,577,216	4,900,522	2,881,125	3,290,371	2,808,677
35,380,128	5,980,204	2,473,391	1,859,835	1,515,006

GOVERNMENTAL FUNDS REVENUES**Last Ten Fiscal Years****(Unaudited)**

Year ended June 30,	2011	2010	2009	2008	2007
Local Sources:					
Property taxes	\$ 28,376,676	27,530,901	25,775,471	24,131,034	23,016,962
Local option sales tax	5,808,390	4,282,968	5,579,965	5,230,332	5,222,527
Utility replacement	834,848	763,339	717,932	702,460	704,365
Other local sources	4,710,696	4,430,103	4,844,036	5,613,015	4,594,317
Investment earnings	109,923	847,168	376,149	1,148,154	1,610,716
Student activities	830,231	739,538	569,468	506,711	600,924
Total local sources	40,670,764	38,594,017	37,863,021	37,331,706	35,749,811
State sources:					
State foundation aid	20,916,147	16,880,987	19,988,582	19,218,464	17,835,060
Other state sources	6,994,185	6,515,425	5,741,036	4,669,452	3,522,227
Total state sources	27,910,332	23,396,412	25,729,618	23,887,916	21,357,287
Federal sources	3,729,793	4,060,543	1,310,703	608,406	555,522
Total Revenues	\$ 72,310,889	66,050,972	64,903,342	61,828,028	57,662,620

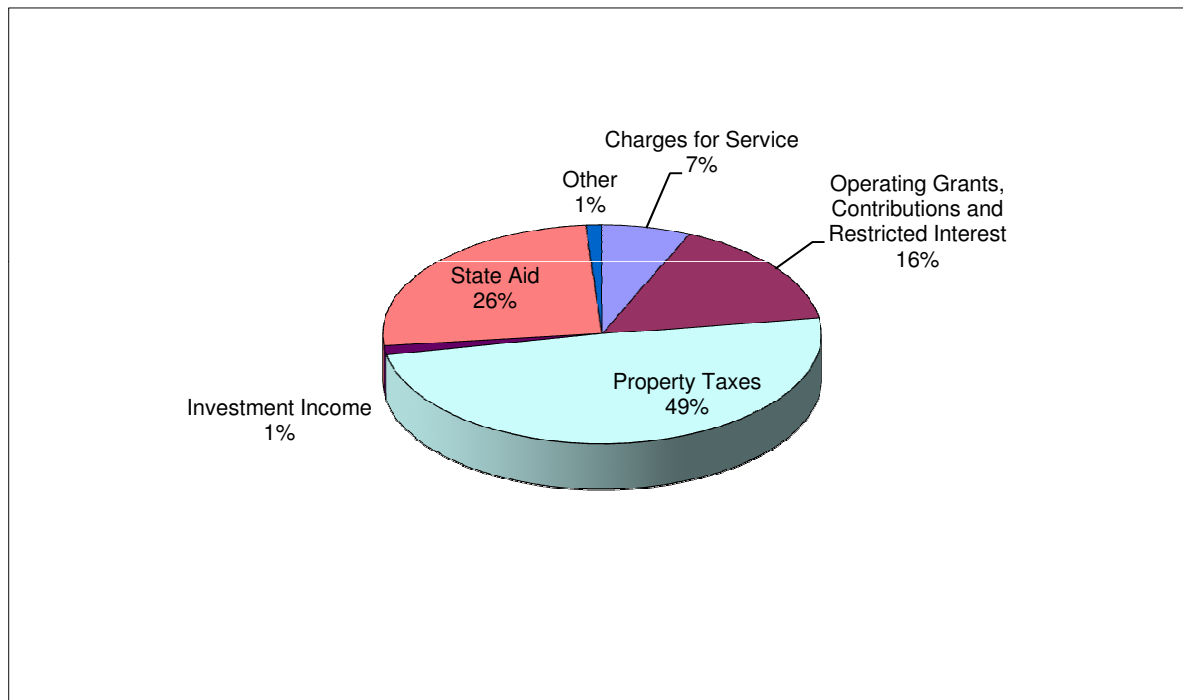
**Utility replacement revenue was not broken down into detail prior to fiscal year 2006.

Source: 2011 Certified Annual Report

2006	2005	2004	2003	2002
20,330,548	19,415,895	17,315,388	14,337,962	12,243,083
4,594,967	4,256,361	3,999,532	3,838,843	3,248,682
699,341	**	**	**	**
4,395,017	4,593,385	4,250,846	3,904,498	4,075,038
826,048	200,335	37,401	51,509	307,058
549,155	282,713	259,386	262,800	219,633
31,395,076	28,748,689	25,862,553	22,395,612	20,093,494
16,290,764	14,607,554	13,358,918	13,069,761	12,001,035
2,861,968	2,679,467	2,225,696	2,364,764	2,760,448
19,152,732	17,287,021	15,584,614	15,434,525	14,761,483
545,932	453,730	475,152	449,584	418,530
51,093,740	46,489,440	41,922,319	38,279,721	35,273,507

GOVERNMENTAL REVENUES, BY SOURCE
Last Nine Fiscal Years*
(Unaudited)

PROGRAM REVENUES			GENERAL REVENUES				
Fiscal Year	Charges for Service	Operating Grants, Contributions and Restricted Interest	Property Taxes	Investment Income	State Aid	Other	TOTAL
2010-2011	\$ 4,766,031	10,716,250	35,019,915	109,923	20,916,147	782,623	72,310,889
2009-10	4,325,197	10,659,417	32,577,208	847,168	16,880,987	760,995	66,050,972
2008-09	4,653,443	6,848,576	32,073,368	376,149	19,988,582	963,224	64,903,342
2007-08	4,957,996	5,115,230	30,063,826	1,148,154	19,218,464	1,324,358	61,828,028
2006-07	4,065,829	4,136,055	28,943,854	1,610,716	17,692,641	1,213,525	57,662,620
2005-06	4,287,838	3,260,375	25,624,857	853,263	16,398,591	668,816	51,093,740
2004-05	4,390,273	3,117,791	23,672,255	200,335	14,607,644	501,142	46,489,440
2003-04	4,068,329	2,694,797	21,314,918	126,896	13,358,918	367,015	41,930,873
2002-03	3,918,932	2,953,549	18,180,329	51,709	13,105,626	284,271	38,494,416



*Note: No 10-year data available since required reporting began in FY03.
 Governmental activities only, does not include business activities.

Source: District Audits



COMPARATIVE RATIO OF DEBT SERVICE TO GOVERNMENTAL FUNDS EXPENDITURES

Last Ten Fiscal Years
(Unaudited)

Year ending June 30,	2011	2010	2009	2008	2007
Instruction:					
Regular instruction	\$ 27,049,790	26,246,992	25,632,654	22,840,146	19,978,686
Special instruction	8,299,509	7,633,325	7,310,329	7,135,533	6,694,623
Other instruction	5,211,519	4,735,781	3,493,390	2,798,377	2,841,136
Support services:				-	-
Student services	1,657,172	1,595,120	1,434,161	1,413,042	1,289,939
Instructional staff services	2,965,971	2,681,246	2,590,573	2,679,714	2,087,999
Administration services	5,461,057	5,135,488	5,183,740	5,216,577	4,781,180
Plant operation and maintenance	4,744,650	4,845,401	4,693,862	4,511,428	3,903,490
Transportation services	2,859,427	2,582,214	2,625,767	1,984,393	2,103,016
Non-instructional programs:					
Food services	42,357	13,764	17,345	22,305	2,855
Community service and education	118,070	118,485	112,879	111,639	121,130
Capital outlay	5,158,895	3,865,127	3,341,005	9,739,160	16,166,714
Debt service:					
Principal	4,150,000	5,670,000	5,520,000	5,365,000	7,655,000
Interest	1,803,086	1,952,509	2,128,980	2,230,458	2,592,150
Services	-	-	-	20,500	5,274
Intergovernmental other expenditures	2,320,857	2,187,815	1,946,449	1,771,545	1,606,455
Total expenditures	\$ 71,842,360	69,263,267	66,031,134	67,839,817	71,829,647
Debt service as a percentage of non-capital expenditures	8.90%	11.70%	12.20%	13.10%	18.40%

*Instruction and support service expenditures were not broken down into further functional detail for these years. Therefore, only total instruction and total support services are shown.

Source: 2011 Certified Annual Report

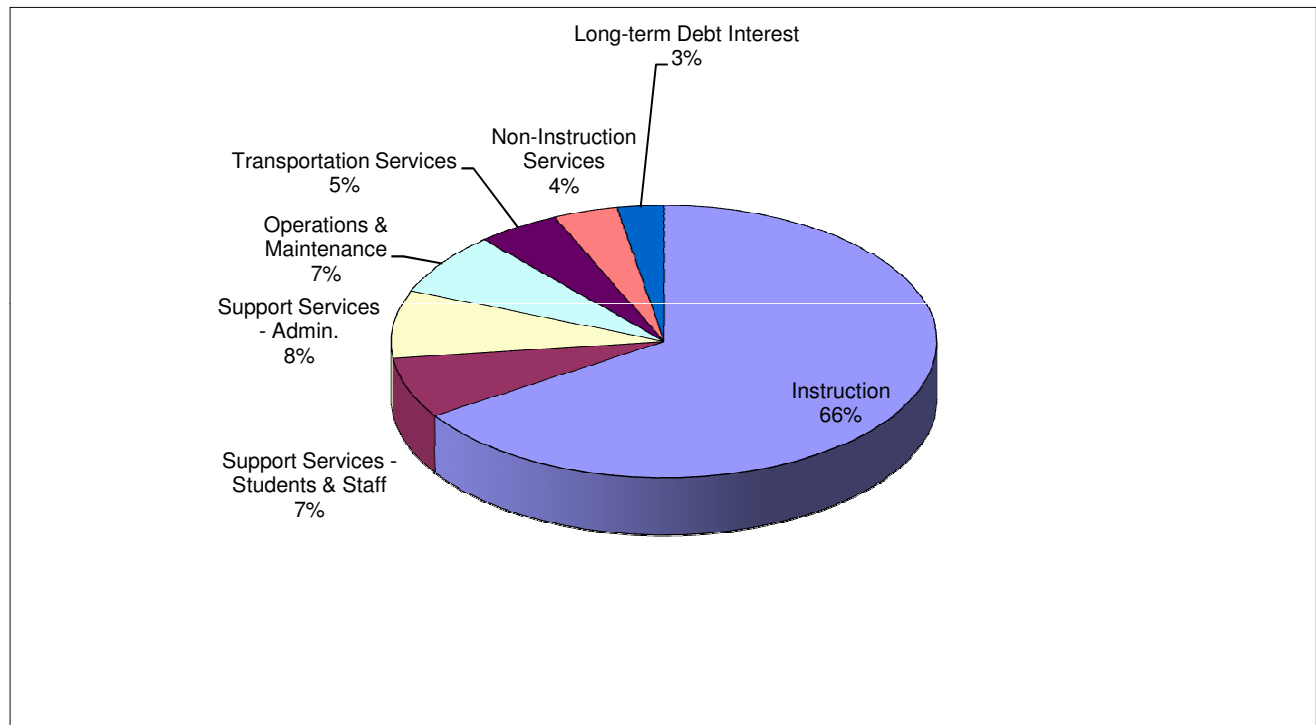
2006	2005	2004	2003	2002
				18,664,286
18,389,994	16,682,152	14,923,600	13,619,433	*
5,867,984	6,196,627	5,449,798	4,021,880	*
2,385,744	2,186,628	2,082,883	2,531,466	*
-	-	-	-	9,858,214
1,189,547	1,123,216	1,082,857	1,177,213	*
1,985,956	1,452,473	1,309,542	2,393,225	*
4,011,887	2,685,530	2,737,819	2,679,639	*
3,707,823	3,596,527	3,095,173	2,548,618	*
1,675,469	1,846,703	1,460,984	1,342,785	*
8,203	713	646	-	-
142,590	5,130	2,508	-	-
7,242,583	4,949,087	15,198,700	2,199,651	4,602,807
9,510,000	11,975,000	3,620,000	9,415,000	11,370,000
1,085,413	1,155,598	1,184,564	1,264,768	1,674,567
2,450	3,900	3,250	1,575	1,575
1,408,173	1,261,795	1,176,050	1,179,686	1,104,898
58,613,816	55,121,079	53,328,374	44,374,939	47,276,347
20.60%	26.20%	12.60%	24.20%	30.60%

GOVERNMENT-WIDE EXPENSES, BY FUNCTION

Last Nine Fiscal Years*

(Unaudited)

Fiscal Year	Instruction	Support Services - Students & Staff	Support Services - Admin.	Operations & Maintenance	Transportation Services	Non-Instruction Services	Long-term Debt Interest	Totals
2010-11	\$ 42,997,915	4,686,030	5,308,433	4,836,685	3,197,520	2,483,617	1,803,086	65,313,286
2009-10	41,075,403	4,346,593	5,122,778	4,912,963	2,829,785	2,555,021	1,952,509	62,795,052
2008-09	38,263,152	4,002,746	4,781,632	4,712,151	2,302,013	2,113,531	2,128,980	58,304,205
2007-08	34,346,658	4,069,979	4,929,567	4,488,374	2,097,710	2,632,997	2,220,610	54,785,895
2006-07	30,666,801	3,364,566	4,344,754	3,896,886	2,048,069	2,220,161	2,058,741	48,599,978
2005-06	28,211,145	3,103,750	4,048,697	3,717,675	1,759,129	1,880,582	1,752,411	44,473,389
2004-05	26,518,342	2,563,853	2,741,465	3,640,341	1,724,913	2,153,539	1,162,844	40,505,297
2003-04	23,852,166	2,424,261	2,869,991	3,083,216	1,480,230	1,937,560	1,212,624	36,860,048
2002-03	21,456,624	3,597,988	2,723,030	2,548,817	1,368,743	2,007,094	1,241,410	34,943,706



*Note: No 10-year data available since required reporting began in FY03.

Governmental activities only, does not include business activities.

Source: District Audits



OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Unaudited)

Year ended June 30,	2011	2010	2009	2008	2007
Deficiency of revenues under expenditures	\$ 468,529	(3,212,295)	(1,127,792)	(6,011,789)	(14,167,027)
Other financing sources (uses):					
Transfers in	5,077,667	6,310,309	5,112,753	5,397,505	5,392,773
Transfers out	(5,077,667)	(6,310,309)	(5,116,982)	(5,397,505)	(5,392,773)
Sale of bonds	-	-	-	10,069,074	-
Sale of property/equipment	-	-	19,997	358	-
General obligation bond proceeds	-	-	-	-	-
Sales tax revenue bond proceeds	-	-	-	-	-
Net change in fund balances	\$ 468,529	(3,212,295)	(1,112,024)	4,057,643	(14,167,027)

Source: Certified Annual Report

2006	2005	2004	2003	2002
(7,520,076)	(8,631,639)	(11,406,005)	(6,095,218)	(12,002,840)
1,248,028	11,225,244	2,804,031	2,091,187	10,537,725
(1,248,028)	(11,241,792)	(2,818,024)	(2,091,187)	(10,537,725)
36,920,000	12,155,000	12,025,000	6,300,000	-
-	-	8,554	214,695	-
-	-	-	-	-
-	-	-	-	5,565,000
29,399,924	3,506,813	613,556	419,477	(6,437,840)

**COMPARISONS OF GROWTH IN REVENUE, EXPENDITURES, ENROLLMENT,
 ASSESSED VALUATION AND TAX RATES - GENERAL FUND BY YEAR
 Last Ten Fiscal Years
 (Unaudited)**

Fiscal Year	Revenue	Growth	Expenditures	Growth	Enrollment	Growth
2010-11	\$ 60,786,323	11.1%	\$ 57,900,225	5.2%	6,094.3	2.0%
2009-10	54,702,682	5.2%	55,041,811	5.4%	5,972.1	3.4%
2008-09	52,004,072	7.1%	52,232,962	7.6%	5,776.3	2.5%
2007-08	48,564,115	8.8%	48,550,653	12.3%	5,638.1	4.5%
2006-07	44,636,256	12.0%	43,241,313	10.4%	5,396.7	4.1%
2005-06	39,844,239	11.9%	39,164,333	12.4%	5,186.0	6.1%
2004-05	35,613,671	9.9%	34,831,387	11.0%	4,885.6	5.9%
2003-04	32,405,251	8.8%	31,379,456	5.1%	4,613.2	5.2%
2002-03	29,777,544	11.0%	29,870,388	4.9%	4,386.1	4.6%
2001-02	26,831,282	10.7%	28,487,789	8.7%	4,192.1	5.2%

Source: Polk County Auditor and Certified Annual Report

	Assessed		Tax	
	Value	Growth	Rate	Growth
\$	1,738,864,667	4.0%	14.61345	3.3%
	1,671,325,709	3.3%	14.14840	6.3%
	1,617,577,430	6.7%	13.30651	1.4%
	1,515,428,149	6.9%	13.12585	-0.2%
	1,417,503,306	10.5%	13.14847	-0.2%
	1,282,307,388	15.9%	13.17896	0.3%
	1,106,229,055	9.3%	13.13583	4.7%
	1,012,560,944	14.1%	12.54170	5.5%
	887,814,005	8.9%	11.89065	8.2%
	815,294,544	8.8%	10.99253	4.4%

TAXABLE ASSESSED VALUATION* BY PROPERTY TYPE

Last Ten Fiscal Years

(Unaudited)

Collection Year	Residential	Ag Land	Ag Buildings	Commercial	Industrial	Personal
2010-11	\$ 1,109,840,790	4,406,510	637,300	570,456,910	3,369,050	-
2009-10	1,043,447,980	4,229,030	517,200	571,178,030	3,368,180	-
2008-09	983,659,730	3,810,630	673,640	581,832,540	3,297,260	-
2007-08	905,667,150	3,772,140	646,940	561,242,040	3,298,440	-
2006-07	849,402,510	3,358,070	521,830	520,985,510	3,152,260	-
2005-06	730,312,876	3,746,610	587,780	497,676,173	2,722,717	-
2004-05	668,827,186	4,114,630	578,690	380,091,624	2,598,269	-
2003-04	609,420,161	6,481,470	505,190	342,771,383	2,314,150	-
2002-03	563,424,609	6,878,360	516,830	265,532,081	2,100,870	745,273
2001-02	518,631,796	7,693,210	444,460	235,087,410	1,987,060	1,671,646

Collection Year	Residential	Ag Land	Ag Buildings	Commercial	Industrial	Personal
2010-11	63.8%	0.3%	0.0%	32.8%	0.2%	0.0%
2009-10	62.4%	0.3%	0.0%	34.2%	0.2%	0.0%
2008-09	60.8%	0.2%	0.0%	36.0%	0.2%	0.0%
2007-08	59.8%	0.2%	0.0%	37.0%	0.2%	0.0%
2006-07	59.9%	0.2%	0.0%	36.8%	0.2%	0.0%
2005-06	57.0%	0.3%	0.0%	38.8%	0.2%	0.0%
2004-05	60.5%	0.4%	0.1%	34.4%	0.2%	0.0%
2003-04	60.2%	0.6%	0.0%	33.9%	0.2%	0.0%
2002-03	63.5%	0.8%	0.1%	29.9%	0.2%	0.1%
2001-02	63.6%	0.9%	0.1%	28.8%	0.2%	0.2%

* Does not include TIF Valuation

Source: Iowa Department of Management

Utilities	Total	Total Direct Rate
50,154,107	1,738,864,667	17.3451
48,585,289	1,671,325,709	17.3474
44,303,630	1,617,577,430	17.3435
40,801,439	1,515,428,149	17.3481
40,083,126	1,417,503,306	17.3462
47,261,232	1,282,307,388	17.3475
50,018,656	1,106,229,055	17.2105
51,068,590	1,012,560,944	16.7377
48,615,982	887,814,005	15.6545
49,739,362	815,254,944	15.0983

Utilities	Total
2.9%	100.0%
2.9%	100.0%
2.7%	100.0%
2.7%	100.0%
2.8%	100.0%
3.7%	100.0%
4.5%	100.0%
5.0%	100.0%
5.5%	100.0%
6.1%	100.0%

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Unaudited)

		Overlapping Rates						District Direct Rates		
Levy Year	Collection Year	Polk County	State	Area XI Community College	City	Special	Johnston General Purpose	Johnston Capital Purpose	Johnston Debt Service	
City of Des Moines										
2009	2010-11	\$ 10.49853	\$ 0.00340	\$ 0.56008	\$ 16.57614	\$ 0.08005	\$ 15.18024	\$ 1.67000	\$ 0.49482	
2008	2009-10	10.43366	0.003	0.56778	16.57614	0.33537	14.89988	1.67000	0.77750	
2007	2008-09	10.72611	0.00350	0.56386	16.57606	0.33994	14.05536	1.67000	1.61817	
2006	2007-08	10.76215	0.00350	0.60276	16.59028	0.35918	13.89265	1.67000	1.78548	
2005	2006-07	10.77509	0.00400	0.68688	16.45083	0.38507	14.15140	1.67000	1.52483	
2004	2005-06	9.94318	0.00400	0.68408	16.52000	0.40073	13.89207	1.67000	1.78541	
2003	2004-05	9.96460	0.00400	0.59856	17.05539	0.41222	13.90421	1.67000	1.63632	
2002	2003-04	9.76226	0.00400	0.58184	17.04806	0.42528	13.27434	1.67000	1.78533	
2001	2002-03	9.72217	0.00400	0.54584	17.04857	0.41734	12.28488	1.00000	2.36958	
2000	2001-02	9.63888	0.00500	0.54454	17.04857	0.35432	11.32985	1.00000	2.76844	
City of Grimes										
2009	2010-11	10.25833	0.00340	0.56008	12.91004		15.18024	1.67000	0.49482	
2008	2009-10	10.16090	0.00300	0.56778	12.92062		14.89988	1.67000	0.77750	
2007	2008-09	10.17930	0.00350	0.56386	12.96278		14.05536	1.67000	1.61817	
2006	2007-08	10.21360	0.00350	0.60276	12.92590	-	13.89265	1.67000	1.78548	
2005	2006-07	10.21647	0.00400	0.68688	12.74622	-	14.15140	1.67000	1.52483	
2004	2005-06	9.55090	0.00400	0.68408	12.82953	0.39228	13.89207	1.67000	1.78541	
2003	2004-05	9.60980	0.00400	0.59856	12.84260	0.35480	13.90421	1.67000	1.63632	
2002	2003-04	9.40708	0.00400	0.58184	12.82394	0.35518	13.27434	1.67000	1.78533	
2001	2002-03	9.34184	0.00400	0.54584	12.76837	0.38033	12.28488	1.00000	2.36958	
2000	2001-02	9.63888	0.00500	0.54454	11.72852	-	11.32985	1.00000	2.76844	
City of Johnston										
2009	2010-11	10.28803	0.00340	0.56008	11.26700		15.18024	1.67000	0.49482	
2008	2009-10	10.18968	0.00300	0.56778	11.30102		14.89988	1.67000	0.77750	
2007	2008-09	10.19335	0.00350	0.56386	11.30102		14.05536	1.67000	1.61817	
2006	2007-08	10.22677	0.00350	0.60276	11.30298	-	13.89265	1.67000	1.78548	
2005	2006-07	10.24358	0.00400	0.68688	11.30567	-	14.15140	1.67000	1.52483	
2004	2005-06	9.55090	0.00400	0.68408	10.74278	0.39228	13.89207	1.67000	1.78541	
2003	2004-05	9.60980	0.00400	0.59856	10.80991	0.35480	13.90421	1.67000	1.63632	
2002	2003-04	9.40708	0.00400	0.58184	10.88788	0.35518	13.27434	1.67000	1.78533	
2001	2002-03	9.34184	0.00400	0.54584	10.89082	0.38033	12.28488	1.00000	2.36958	
2000	2001-02	9.63888	0.00500	0.54454	11.19234	-	11.32985	1.00000	2.76844	
City of Urbandale										
2009	2010-11	10.33903	0.00340	0.56008	9.32000	0.08005	15.18024	1.67000	0.49482	
2008	2009-10	10.24238	0.00300	0.56778	9.22000	0.33537	14.89988	1.67000	0.77750	
2007	2008-09	10.35478	0.00350	0.56386	9.22000	0.33994	14.05536	1.67000	1.61817	
2006	2007-08	10.33434	0.00350	0.60276	9.22000	0.35918	13.89265	1.67000	1.78548	
2005	2006-07	10.30640	0.00400	0.68688	9.07393	0.38507	14.15140	1.67000	1.52483	
2004	2005-06	9.94318	0.00400	0.68408	9.07010	0.40073	13.89207	1.67000	1.78541	
2003	2004-05	9.96460	0.00400	0.59856	9.07306	0.41222	13.90421	1.67000	1.63632	
2002	2003-04	9.76226	0.00400	0.58184	9.07000	0.42528	13.27434	1.67000	1.78533	
2001	2002-03	9.72217	0.00400	0.54584	8.97000	0.41734	12.28488	1.00000	2.36958	
2000	2001-02	9.63888	0.00500	0.54454	8.96096	0.35432	11.32985	1.00000	2.76844	

Source: Polk County Auditor

Johnston Community School District		Total	Ratio of Johnston CSD to Total
\$	17.34506	\$ 45.06326	\$ 0.38490
	17.34738	45.26333	0.38325
	17.34353	45.55300	0.38073
	17.34813	45.66600	0.37989
	17.34623	45.64810	0.38000
	17.34748	44.89947	0.38636
	17.21053	45.24530	0.38038
	16.72967	44.55111	0.37552
	15.65446	43.39238	0.36077
	15.09829	42.68960	0.35368
	17.34506	41.07691	0.42226
	17.34738	40.99968	0.42311
	17.34353	41.05297	0.42247
	17.34183	41.08759	0.42207
	17.34623	40.99980	0.42308
	17.34748	40.80827	0.42510
	17.21053	40.62029	0.42369
	16.72967	39.90171	0.41927
	15.65446	38.69484	0.40456
	15.09829	37.01523	0.40789
	17.34506	39.46357	0.43952
	17.34738	39.40886	0.44019
	17.34353	39.40526	0.44013
	17.34813	39.48414	0.43937
	17.34623	39.58636	0.43819
	17.34748	38.72152	0.44801
	17.21053	38.58760	0.44601
	16.72967	37.96565	0.44065
	15.65446	36.81729	0.42519
	15.09829	36.47905	0.41389
	17.34506	37.64762	0.46072
	17.34738	37.71591	0.45995
	17.34353	37.82561	0.45851
	17.34813	37.86791	0.45812
	17.34623	37.80251	0.45886
	17.34748	37.44957	0.46322
	17.21053	37.26297	0.46187
	16.72967	36.57305	0.45743
	15.65446	35.31381	0.44330
	15.09829	34.60199	0.43634

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2011			2003		
	2009* Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Pioneer Hi-Bred International, Inc.	\$ 75,403,650	1	4.34%	\$ 56,748,760	1	5.03%
John Deere Credit	35,823,000	2	2.06%	-		0.00%
Gaileo Haymarket Karam LLC	20,534,000	3	1.18%	-		0.00%
Mid-American Inv. Co.	16,437,000	4	0.95%	10,908,000	8	97.00%
MFR Partners III	16,187,000	5	0.93%	-		0.00%
Target Corp.	13,780,000	6	0.79%	11,369,000	7	1.01%
Spirit SPE Johnston LLC	11,240,000	7	0.65%	-		0.00%
Village Court	11,206,660	8	0.64%	16,965,970	3	1.50%
Village Square LLC	10,919,000	9	0.63%	-		0.00%
Ladco Properties	10,740,000	10	0.62%	-		0.00%
Deutsch Bank	-		0.00%	24,166,000	2	2.14%
New Plan Realty Trust	-		0.00%	15,045,840	4	1.33%
Green Meadows LTD	-		0.00%	12,086,070	5	1.07%
Interstate Business Park	-		0.00%	11,451,030	6	1.01%
Family Car Johnston	-		0.00%	10,129,370	9	0.90%
Merit Westchester Square	-		0.00%	9,293,000	10	0.82%
Total	<u>\$ 222,270,310</u>		12.78%	<u>\$ 178,163,040</u>		20.07%
Total taxable value	\$ 1,738,864,667					

*Basis for taxes paid in FY10
Source: Polk County Auditor

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2011			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Pioneer Hi-Bred International, Inc.	2,484	1	*	1,400	1	*
Childserve	1,025	2	*	*	*	*
John Deere Credit	910	3	*	*	*	*
Johnston Community Schools	840	4	*	461	3	*
Iowa National Guard	704	5	*	750	2	*
Heartland Area Education Agency	250	6	*	215	5	*
Bishop Drumm Care Center	245	7	*	120	9	*
Children's Habilitation Center	175	8	*	185	7	*
Iowa Public Television	127	9	*	100	10	*
ITS Inc.	125	10	*	150	8	*
Village Square Shopping Center	*	*	*	235	4	*
Maurices	*	*	*	200	6	*
Total	<u>6,885</u>			<u>3,816</u>		

*Information not available
Source: Johnston Economic Development Corp.

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Unaudited)

Year ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 29,259,811	29,154,463	99.64%	\$ 2,688	29,157,151	99.65%
2010	28,298,368	28,234,121	99.77%	20,791	28,254,912	99.85%
2009	26,504,811	26,457,754	99.82%	10,201	26,467,955	99.86%
2008	24,845,334	24,792,959	99.79%	10,390	24,803,349	99.83%
2007	23,739,889	23,704,456	99.85%	465	23,704,921	99.85%
2006	21,014,237	21,009,964	99.98%	1,422	21,011,386	99.99%
2005	19,436,154	19,389,521	99.76%	4,288	19,393,809	99.78%
2004	17,266,798	17,300,731	100.20%	(183)	17,300,548	100.20%
2003	14,376,833	14,323,365	99.63%	(670)	14,322,695	99.62%
2002	12,637,902	12,585,670	99.59%	868	12,586,538	99.59%

Source: Polk County Cash Management

PROPERTY TAX RATES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year		General	Mngt.	Reg. PEEL	Voted PEEL	Debt Service	Total
2010-11	\$	14.61345	0.56679	0.33000	1.34000	0.49482	17.34506
2009-10		14.14840	0.75148	0.33000	1.34000	0.77750	17.34738
2008-09		13.30651	0.74885	0.33000	1.34000	1.61817	17.34353
2007-08		13.12585	0.76680	0.33000	1.34000	1.78548	17.34813
2006-07		13.14847	1.00293	0.33000	1.34000	1.52483	17.34623
2005-06		13.17896	0.71311	0.33000	1.34000	1.78541	17.34748
2004-05		13.13583	0.76838	0.33000	1.34000	1.63632	17.21053
2003-04		12.54170	0.74070	0.33000	1.34000	1.78533	16.73773
2002-03		11.89065	0.39423	0.33000	0.67000	2.36958	15.65446
2001-02		10.99253	0.33732	0.33000	0.67000	2.76844	15.09829

Source: District records

PROPERTY TAX LIABILITY**Last Ten Fiscal Years****(Unaudited)**

Fiscal Year	Assessed Value	Rollback	Taxable Value	Rate	Tax Liability	Change Dollars	Percent
2010-11	\$ 200,000	46.91%	\$ 93,819	17.34506	1,627	45	2.8%
2009-10	200,000	45.59%	91,180	17.34738	1,582	52	3.4%
2008-09	200,000	44.08%	88,160	17.34942	1,530	(51)	-3.2%
2007-08	200,000	45.56%	91,120	17.34772	1,581	(15)	-0.9%
2006-07	200,000	46.00%	92,000	17.34623	1,596	(68)	-4.1%
2005-06	200,000	47.96%	95,920	17.34748	1,664	(4)	-0.2%
2004-05	200,000	48.46%	96,912	17.21053	1,668	(52)	-3.0%
2003-04	200,000	51.39%	102,775	16.73772	1,720	102	6.3%
2002-03	200,000	51.67%	103,335	15.65446	1,618	(81)	-4.8%
2001-02	200,000	56.27%	112,530	15.09829	1,699	71	4.4%

Source: District records, Polk County Assessor

RATIOS OF GENERAL BONDED DEBT OUTSTANDING**Last Ten Fiscal Years****(dollars in thousands, except per capita)****(Unaudited)**

Fiscal Year	Population	Assessed Value Property	Legal Debt Limit (5%)	General Obligation Bonds	Debt to Assessed Value	Per Capita
2011***	17,278	\$ 3,018,271,192	150,913,560	39,230,000	1.30%	\$ 2,271
2010*	15,691	2,918,061,958	145,903,098	42,695,000	1.46%	2,721
2009*	15,691	2,828,115,740	141,405,787	45,235,000	1.60%	2,883
2008*	15,691	2,700,333,561	135,016,678	47,690,000	1.77%	3,039
2007*	15,261	2,390,757,791	119,537,890	40,055,000	1.68%	2,625
2006*	15,076	2,084,408,874	104,220,444	44,835,000	2.15%	2,974
2005**	13,596	1,955,589,136	97,779,457	16,815,000	0.86%	1,237
2004*	12,834	1,709,937,084	85,496,854	18,050,000	1.06%	1,406
2003*	11,742	1,426,451,515	71,322,576	19,200,000	1.35%	1,635
2002*	10,483	1,222,199,774	61,109,989	20,580,000	1.68%	1,963

*Estimated

**Special census

***Census 2010

Source: Polk County Auditor and District Records



OUTSTANDING DEBT BY TYPE**Last Ten Fiscal Years****(dollars in thousands, except per capita)****(Unaudited)**

Fiscal Year	Governmental Activities				Total**	100% Assessed Valuation *
	General Obligation Bonds	Sales Tax Revenue Bonds	Equipment and Capital Loan Notes			
2011	\$ 39,230,000	-	1,435,000		40,665,000	3,018,271,192
2010	42,695,000	-	2,120,000		44,815,000	2,918,061,958
2009	45,235,000	2,470,000	2,780,000		50,485,000	2,828,115,740
2008	47,690,000	4,885,000	3,430,000		56,005,000	2,700,333,561
2007	40,055,000	7,250,000	4,065,000		51,370,000	2,390,757,791
2006	44,835,000	9,500,000	4,690,000		59,025,000	2,084,408,874
2005	16,815,000	9,500,000	5,300,000		31,615,000	1,955,589,136
2004	18,050,000	7,485,000	5,900,000		31,435,000	1,709,937,084
2003	19,200,000	3,830,000	-		23,030,000	1,426,451,515
2002	20,580,000	5,565,000	-		26,145,000	1,222,199,774

* Includes TIF Valuation

** Total Indebtedness indicates amount of debt at the end of the fiscal year.

***Source: Office of Social & Economic Trend Analysis at www.seta.iastate.edu

****Source: Iowa Workforce, data available for Polk County and particular cities.
 However, no data for Johnston, so used Urbandale, neighboring district.

NA-Information not available

Percent of Actual Taxable Value of Property	Population***	Per Capita	Personal Income (000's)****	Percentage of Personal Income
1.35%	17,278	\$ 2,354	NA	NA
1.54%	15,691	2,856	NA	NA
1.79%	15,691	3,217	NA	NA
2.07%	15,691	3,569	NA	NA
2.15%	15,261	3,366	NA	NA
2.83%	15,076	3,915	NA	NA
1.62%	13,596	2,325	15,754,629	0.20%
1.84%	12,834	2,449	15,002,909	0.21%
1.61%	11,742	1,961	13,872,647	0.17%
2.14%	10,483	2,494	13,421,332	0.19%

LEGAL DEBT MARGIN INFORMATION**Last Ten Fiscal Years****(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2011	\$	3,018,271,192
--	----	---------------

Debt limit (5% of assessed value)		150,913,560
Debt applicable to limit		40,665,000
Legal debt margin	\$	<u>110,248,560</u>

Year ended June 30,	2011	2010	2009	2008
Debt limit	\$150,913,560	145,903,098	141,405,787	135,016,678
Total net debt applicable to limit	<u>40,665,000</u>	<u>44,815,000</u>	<u>50,485,000</u>	<u>56,005,000</u>
Legal debt margin	<u>\$ 110,248,560</u>	<u>101,088,098</u>	<u>90,920,787</u>	<u>79,011,678</u>
Total net debt applicable to the limit as a percentage of debt limit	27%	31%	36%	41%

Source: Polk County Auditor and District Records

2007	2006	2005	2004	2003	2002
126,186,732	104,220,444	97,687,634	85,496,854	71,322,576	61,109,989
51,370,000	59,025,000	31,615,000	31,435,000	23,030,000	26,145,000
74,816,732	45,195,444	66,072,634	54,061,854	48,292,576	34,964,989
41%	57%	32%	37%	32%	43%

DEBT LIMIT
(Unaudited)

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The district's debt limit, based upon said valuation, amounts to the following:

Actual value of property, 2010:	\$ 3,018,271,192
	0.05
Debt Limit:	<u>\$ 150,913,560</u>

Total Direct Debt = \$ 40,665,000 or 26.9% of debt limit.

*Includes TIF valuation of \$134,014,170

OVERLAPPING AND UNDERLYING DEBT

Issuer	Outstanding Debt	Total Taxable Valuation	Valuation Within Issuer	Percent Applicable	Amount Applicable
Polk County	\$290,159,000	19,700,035,299	1,773,728,907	9.00%	\$ 26,124,999
DMACC	79,395,000	35,124,092,931	1,773,728,907	5.05%	4,009,362
Heartland AEA 11	1,565,000	35,124,092,931	1,773,728,907	5.05%	79,031
Urbandale San Sewer Dist	-	1,934,010,727	378,315,426	19.56%	-
City of Des Moines	498,336,571	7,021,443,366	136,926,245	1.95%	9,718,138
City of Grimes	24,896,645	408,238,352	96,123,078	23.55%	5,862,120
City of Johnston	59,124,248	1,052,384,242	1,052,384,242	100.00%	59,124,248
City of Urbandale	44,945,000	2,113,799,491	372,449,648	17.62%	7,919,270
Subtotal, overlapping debt	<u>998,421,464</u>				<u>112,837,168</u>
District direct debt:					
General obligation	39,230,000			100%	39,230,000
Capital loan notes	1,435,000			100%	1,435,000
Sales tax revenue	-			100%	-
Total direct debt	<u>40,665,000</u>				<u>40,665,000</u>
Total direct and overlapping debt	<u><u>\$1,039,086,464</u></u>				<u><u>\$153,502,168</u></u>

Source: Polk County Auditor, Government Offices

Compares the taxable valuation of the Johnston Community School District to the taxable valuation of each taxing district less military and includes TIF incremental values, ag land, and gas and electric utility values.

PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Bonds Issued	Local Option Sales Tax Revenue Bonds				
		Revenue	Debt Service		Total	Coverage
			Principal	Interest		
2011	*	*	*	*	*	*
2010	*	*	*	*	*	*
2009	\$ -	5,690,221	2,415,000	112,532	2,527,532	2.25129533
2008	-	5,452,532	2,365,000	185,666	2,550,666	2.13768953
2007	-	5,541,955	2,350,000	1,834,225	4,184,225	1.32448781
2006	-	4,710,741	-	-	-	*
2005	12,155,000	4,485,570	10,140,000	229,231	10,369,231	0.43258463
2004	5,525,000	4,074,403	1,870,000	184,047	2,054,047	1.98359775
2003	-	3,859,969	1,735,000	196,544	1,931,544	1.99838523
2002	5,565,000	3,570,317	10,000,000	537,725	10,537,725	0.33881288

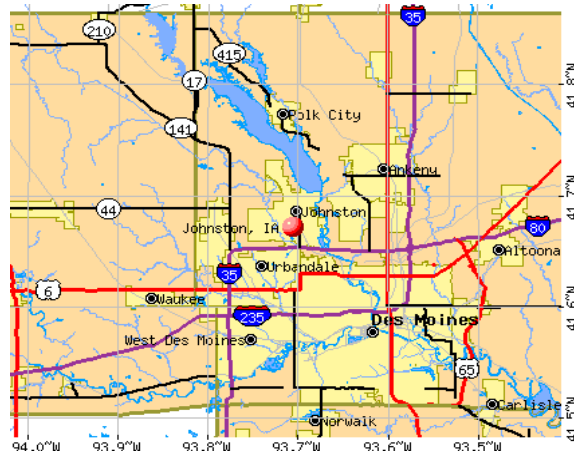
Source; District Records

*Coverage ratio not applicable as no debt payment in this fiscal year

GENERAL INFORMATION

(Unaudited)

The Johnston Community School District is located in central Iowa within the Des Moines Metropolitan area. Included within the District's 25,370 acres are the cities of Johnston and portions of Des Moines, Urbandale and Grimes. Transportation facilities are provided by U.S. Interstates 35 & 80, Iowa Highway 141, as well as numerous paved county roads. Commercial airline service is available at the Des Moines International Airport. Commercial development within the District has been greatly enhanced by the continued growth of the northwestern portion of the metropolitan area. Residential growth and recreational opportunities within the District have been enhanced by the construction of Saylorville Lake, a U.S. Corps of Engineers flood control dam impounding the Des Moines River.



The three major employers within the District are Pioneer Hi-Bred International, Inc., John Deere Credit, and Childserve. Pioneer Hi-Bred International, Inc. is an internationally known producer of hi-bred seed. With over 2,400 employees within the District, Pioneer's facilities within Johnston (approximately 500,000 square feet office and laboratory space) include the Central Division Offices, Plant Breeding Division, Pioneer Data Systems Division, and Green Meadows Limited. John Deere Credit provides retail, wholesale and lease financing as well as revolving credit to help facilitate the sale of John Deere agricultural, construction and forestry, and commercial and consumer equipment. ChildServe is a not-for-profit organization that partners with families to help children with special health care needs.

Continuing education centers within commuting distance include: Drake University, Des Moines; Grand View College, Des Moines; University of Osteopathic Medicine, Des Moines; Iowa State University of Science and Technology, Ames; Simpson College, Indianola; and Area XI Des Moines Area Community College, Ankeny.

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

(Unaudited)

		(1)	(2)	
Calendar Year	Population	Personal Income (000's)	Per Capita Personal Income	Unemployment Rate - %
2010***	31,193	NA	NA	5.9
2009*	15,691	\$ 665,000	42,381	5.6
2008*	15,691	682,417	43,491	4.1
2007*	15,261	653,964	42,852	3.4
2006*	15,076	627,478	41,621	2.9
2005**	13,596	538,402	39,600	2.9
2004*	12,834	498,716	38,859	2.7
2003*	11,742	428,618	36,503	2.4
2002*	10,483	373,918	35,669	2.1
2001*	9,506	322,824	33,960	1.7

*Estimated

**Special Census

***2010 Census-First census that has Johnston school district information-it was just city of Johnston info in the past. Therefore, there is a substantial population increase shown for 2010 because the school district includes parts of other cities in addition to the city of Johnston.

(1) Source: Office of Social & Economic Trend Analysis - www.seta.iastate.edu

(2) Source: Iowa Workforce, data available for Polk County and particular cities.

No data available for Johnston, therefore used Urbandale, a neighboring district.

NA-Information not available

CENSUS FIGURES BY AGE GROUP - 2010

	Johnston	Urbandale	Des Moines
Under 18 years	28.3%	24.8%	24.5%
18 to 24 years	6.6%	6.8%	10.9%
25 to 44 years	28.5%	28.3%	29.0%
45 to 64 years	26.7%	27.7%	24.2%
65 years and over	9.8%	12.5%	11.3%
Median Age	36.8	38.1	33.8

Source: U.S. Census 2010

RETAIL SALES (IN MILLIONS)
Last Ten Calendar Years
(Unaudited)

Year ended*		Johnston	Des Moines	Polk County	State
2011		N/A	N/A	N/A	N/A
2010	\$	153.3	3,108.0	6,341.0	31,943.6
2009		156.1	3,300.1	6,471.3	33,559.9
2008		174.1	3,470.7	6,571.6	33,089.0
2007		134.0	3,418.1	6,473.5	31,645.7
2006		126.1	3,502.6	6,462.9	31,108.3
2005		124.3	3,418.1	6,173.6	29,805.3
2004		110.7	3,492.3	6,035.2	29,099.3
2003		98.2	3,713.2	6,190.4	28,704.9
2002		87.4	3,789.7	6,052.8	28,446.6

* Year ended March 31 through 2008, and June 30 for year ended 2009 and beyond

NA - Information not available.

Source: Iowa Department of Revenue & Finance

BANK DEPOSITS
(Unaudited)

Institution	June 30, 2011	
	Deposits inside Market	
Charter Bank	\$	72,145,000
Polk County Bank		59,541,000
Wells Fargo Bank		59,117,000
Bank of the West		24,712,000
Community State Bank		25,450,000
Bank Iowa		14,134,000
First Bank		8,143,000
Greater Southern Bank		7,426,000
ITS Bank		500,000
	\$	<u>271,168,000</u>

Source: FDIC Deposit Market Share Report, Zip Code 50131

RESIDENTIAL CONSTRUCTION BY NUMBER OF DWELLING UNITS

Last Ten Calendar Years

(Unaudited)

Year	Single Family	Townhome	Multi-family	(# Multi-family living units)	Totals
2010	130	24	36	0	190
2009	98	123	0	0	221
2008	78	22	0	0	100
2007	130	68	0	0	198
2006	190	175	0	0	365
2005	269	100	0	0	369
2004	324	65	0	0	389
2003	253	90	24	204	571
2002	226	30	19	152	427
2001	206	98	4	32	340
Total	1,904	795	83	388	2,980

Source: City of Johnston Planning Department

DISTRICT STAFFING LEVELS -- General Fund (FTE)
Last Ten Fiscal Years
(Unaudited)

For Fiscal Year ended June 30,										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Administration:										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1	1	1	1
Assoc. Supt.	1.0	1.0	1.0	1.0	1.0	1.0	1	1	1	1
Principals	8.0	8.0	8.0	7.0	7.0	7.0	7	6	6	6
Assist. Principals	4.0	4.0	4.0	9.0	9.0	9.0	4	4	4	4
Other Admin.	8.0	8.0	8.0	3.0	2.0	2.0	2	2	2	2
Total Administration	22.0	22.0	22.0	21.0	20.0	20.0	15	14	14	14
Supervisors/ Coordinators/Managers	6.0	6.0	6.0	6.0	6.0	6.0	6	6	6	6
Instruction:										
Teachers	405.6	400.4	393.5	364.1	331.2	324.3	309	287	287	287
Counselors	11.5	12.5	14.5	12.0	11.0	9.5	7	7	7	7
Media Spec.	8.0	8.0	8.0	8.0	7.0	7.0	6	6	6	6
Other Instructors	3.0	3.0	3.0	3.0	4.0	4.0	4	4	4	4
Total Instruction	428.1	423.9	419.0	387.1	353.2	344.8	326	304	304	304
Professional/Other										
Nurses	8.3	8.3	7.3	7.0	6.0	6.0	6	6	6	6
Other Professional Staff	8.0	8.0	8.0	7.5	6.0	6.0	10	6	6	6
Total Professional/Other	16.3	16.3	15.3	14.5	12.0	12.0	16	12	12	12
Instructional Support Personnel:	137.5	135.0	135.0	124.0	114.6	114.6	112	125	125	123
Support Personnel:										
Office/Clerical	30.0	32.0	32.0	29.0	25.0	24.0	23	25	25	25
Transportation	52.5	52.0	55.0	55.0	48.0	40.0	26	48	48	45
Op. & Maintenance	42.5	41.5	44.0	44.0	38.0	38.0	36	31	31	31
Service Personnel	4.0	4.0	5.0	5.0	5.0	5.0	-	-	-	-
Total Support Personnel	129.0	129.5	136.0	133.0	116.0	107.0	84	104	104	101
Grand Totals	738.9	732.7	733.3	685.6	621.8	604.4	559	565	565	560
Certified Enrollment	6,094	5,972	5,776	5,638	5,398	5,167	4,920	4,615	4,372	4,192
Employees/Student	8.2	8.2	7.9	8.2	8.7	8.5	8.8	8.2	7.7	7.5
Pupil/Teacher	14.2	14.1	13.8	14.6	15.3	15.0	15.1	15.2	14.4	13.8

Source: District Data

OPERATING COST PER PUPIL
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Costs	Daily Average Membership	General Fund Operating Expenses Per Pupil	Free or Reduced Percentage
2010-11	\$ 57,900,225	6,185	\$ 9,361	16.60%
2009-10	55,041,811	6,022	9,140	14.40%
2008-09	52,232,942	5,773	9,048	13.40%
2007-08	48,563,110	5,666	8,571	11.20%
2006-07	43,254,757	5,236	8,261	10.70%
2005-06	39,164,333	4,958	7,899	9.20%
2004-05	34,831,387	4,898	7,111	6.80%
2003-04	31,379,456	4,534	6,921	5.52%
2002-03	29,870,388	4,386	6,810	5.03%
2001-02	28,487,789	4,154	6,858	3.24%

Source: 2011 Certified Annual Report/Project Easier
Condition of Education Report

GENERAL ANALYSIS OF FACILITIES
Last Ten Fiscal Years
(Unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary Schools:										
Lawson K-5 (1958, 1960, 1967, 1998)										
Square Feet	63,353	63,353	63,353	63,353	63,353	63,353	63,353	63,353	63,353	63,353
Number of classrooms	38	38	38	38	38	38	38	38	38	38
Enrollment	502	502	474	486	500	454	464	445	463	463
Wallace PK-5 (1987, 1989)										
Square Feet	66,064	66,064	66,064	66,064	66,064	66,064	66,064	66,064	66,064	66,064
Number of classrooms	44	44	44	44	44	44	44	44	44	44
Enrollment	553	553	505	482	568	553	499	496	500	500
Beaver Creek K-5 (1997, 2001)										
Square Feet	101,145	101,145	101,145	101,145	101,145	101,145	101,145	101,145	101,145	101,145
Number of classrooms	45	45	45	45	45	45	45	45	45	45
Enrollment	746	746	670	653	858	799	743	688	623	623
Horizon K-5 (2001)										
Square Feet	100,506	100,506	100,506	100,506	100,506	100,506	100,506	100,506	100,506	100,506
Number of classrooms	44	44	44	44	44	44	44	44	44	44
Enrollment	687	687	610	571	650	605	579	556	533	533
Timber Ridge K-5 (2007)										
Square Feet	111,281	111,281	111,281	111,281	N/A	N/A	N/A	N/A	N/A	N/A
Number of classrooms	42	42	42	42	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	569	569	540	537	N/A	N/A	N/A	N/A	N/A	N/A
Middle Schools:										
Summit Middle School 6-7 (2004, 2007)										
Square Feet	184,680	184,680	184,680	184,680	184,680	176,680	176,680	N/A	N/A	N/A
Number of classrooms	66	66	66	66	67	66	66	N/A	N/A	N/A
Enrollment	948	948	913	832	793	833	826	N/A	N/A	N/A
Johnston Middle School 8-9 (1984, 1990)										
Square Feet	168,366	168,366	168,366	168,366	168,366	168,366	168,366	168,366	168,366	168,366
Number of classrooms	68	68	68	68	68	68	68	68	68	68
Enrollment	862	862	813	846	854	792	785	1,139	1,062	1,062
High School:										
Johnston High School 9-12 (1972, 1977, 1994, 2008)										
Square Feet	263,829	263,829	263,829	263,829	213,829	213,829	213,829	213,829	213,829	213,829
Number of classrooms	88	88	88	71	71	71	71	71	71	71
Enrollment	1320	1320	1287	1,249	1,175	1,120	1,015	1,254	1,201	1,201
Other facilities:										
Administrative Resource Center (2000)										
Square Feet	16,509	16,509	16,509	16,509	16,509	16,509	16,509	16,509	16,509	16,509
Transportation (2000)										
Square Feet	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400
Wallace Annex (1987)										
Square Feet	5,405	5,405	5,405	5,405	5,405	5,405	5,405	5,405	5,405	5,405
Number of classrooms	3	3	3	3	3	3	3	3	3	3
Warehouse (2000) and BG (2010)										
Square Feet	9,300	9,300	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935

Source: District Information

SCHEDULE OF INSURANCE COVERAGE
June 30, 2011
(Unaudited)

Company	Type of Policy	Period	
		From	To
Employers Mutual Companies	Business Protection - property coverage	7/1/2010	6/30/2011
Employers Mutual Companies	Business Protection - General Comprehensive Liability	7/1/2010	6/30/2011
Employers Mutual Companies	Business Protection - Automobile	7/1/2010	6/30/2011
Employers Mutual Companies	Business Protection- Crime Coverage	7/1/2010	6/30/2011
Employers Mutual Companies	Workers' Compensation	7/1/2010	6/30/2011
Employers Mutual Companies	Umbrella Liability	7/1/2010	6/30/2011
Employers Mutual Companies	Linebacker Policy - Errors and Omission Coverage	7/1/2010	6/30/2011
Employers Mutual Companies	Pollution Liability	7/1/2010	6/30/2011
Employers Mutual Companies	Excess Liability	7/1/2010	6/30/2011
Auto Insurer Flood Insurance	Flood	7/1/2010	6/30/2011

Source: District Records

Note: The dollar amount for self insured reflects the amount paid during fiscal year 2011.

Liability Limits	Annual Premium
Building and property replacement; blanket boiler and vessels - business interruption and extra expense	\$ 139,794
General aggregate - \$2,000,000; personal advertising limit - \$1,000,000; products/completed operations - \$2,000,000 aggregate; fire damage - \$100,000; any one occurrence limit \$1,000,000; medical expense - \$5,000	18,975
\$1,000,000 liability insurance/\$5,000 auto medical per person; \$1,000,000 uninsured motorist; \$1,000,000 underinsured motorist	54,928
Employee Theft per employee \$1,000,000; forgery or alterations \$10,000; Computer Fraud \$50,000; Funds Transfer fraud \$50,000	3,007
Self Insured-\$350,000 retention per occurrence, \$500,000 employer's liability maximum limit of indemnity per occurrence	74,209
\$10,000,000 Umbrella	21,563
\$1,000,000 Linebacker	8,115
\$500,000 each incident, \$1,000,000 aggregate	1,125
DIC \$10,000,000 limit	9,775
Transportation Building	1,517
Total Premium	<u>\$ 333,008</u>

Johnston Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 55,818
National School Lunch Program	10.555	FY 11	718,397 *
			<u>774,215</u>
Child and Adult Care Food Program	10.558	FY 11	<u>4,522</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 11	<u>98,732</u>
Title I Program for Neglected & Delinquent Children	84.013	FY 11	<u>68,274</u>
Vocational Education - Basic Grants to States	84.048	FY 11	<u>26,941</u>
Special Education Preschool	84.173	FY 11	<u>6,045 **</u>
Enhancing Education through Technology	84.318	FY 11	<u>5,591</u>
Improving Teacher Quality State Grants	84.367	FY 11	<u>68,179</u>
Grants for State Assessments	84.369	FY 11	<u>38,929</u>
ARRA - State Fiscal Stabilization Fund(SFSF) Cluster Programs:			
Education State Grants, Recovery Act	84.394	FY 11	299,321
Government Services, Recovery Act	84.397	FY 11	266,979
			<u>566,300</u>
ARRA - Education Jobs Fund	84.410	FY 11	<u>1,137,339</u>
Heartland Area Education Agency			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	FY 11	386,336
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 11	318,768
			<u>705,104</u>
Total			<u>\$ 3,500,171</u>

* Includes \$214,148 of non-cash awards.

** Total for Special Education Cluster (IDEA) is \$711,149

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Johnston Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of Johnston Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Johnston Community School District, Johnston, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated November 3, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Johnston Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Johnston Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Johnston Community School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnston Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of non-compliance or other matter that is described in Part IV of the accompanying Schedule of Findings and Questioned Costs as item IV-G-11.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Johnston Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Johnston Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Johnston Community School District and other parties to whom Johnston Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Johnston Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

November 3, 2011



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Van Maanen, Sietstra & Meyer, PC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Compliance with Requirements That Could Have
A Direct and Material Effect on Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

To the Board of Education of Johnston Community School District:

Compliance

We have audited Johnston Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Johnston Community School District's major federal programs for the year ended June 30, 2011. Johnston Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Johnston Community School District's management. Our responsibility is to express an opinion on Johnston Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Johnston Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Johnston Community School District's compliance with those requirements.

In our opinion, Johnston Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Johnston Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Johnston Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Johnston Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Johnston Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Johnston Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Johnston Community School District and other parties to whom Johnston Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

November 3, 2011

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
 - CFDA Number 84.410 – Education Jobs Fund
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - Clustered programs:
 - CFDA Number 84.027 – Special Education – Grants to States (IDEA, Part B)
 - CFDA Number 84.173 – Special Education Preschool
 - CFDA Number 84.391 – Special Education – Grants to States (IDEA, Part B), Recovery Act
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Johnston Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 did not exceed the certified budget amounts.
- IV-B-11 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-11 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-11 Certified Enrollment – A variance in the basic enrollment data certified to the Department of Education was noted.
- Recommendation – The certified enrollment data should be corrected for students who exit the District.
- Response – We will correct the certified enrollment in the future for students exiting the system.
- Conclusion – Response accepted.
- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-11 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

Johnston Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

IV-M-11 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	10,226,439
Revenues/transfers in:			
Sales tax revenues	\$	5,808,389	
Other local revenues		49,589	5,857,978
			<u>16,084,417</u>
Expenditures/transfers out			
School infrastructure construction		334,286	
Instructional staff services		464,194	
Transfers to other funds:			
Debt service funds		4,333,689	5,132,169
			<u>5,132,169</u>
Ending balance		\$	<u><u>10,952,248</u></u>

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Property Tax Valuation Dollars Reduced	
Debt service levy	\$	3.46539 5,808,389